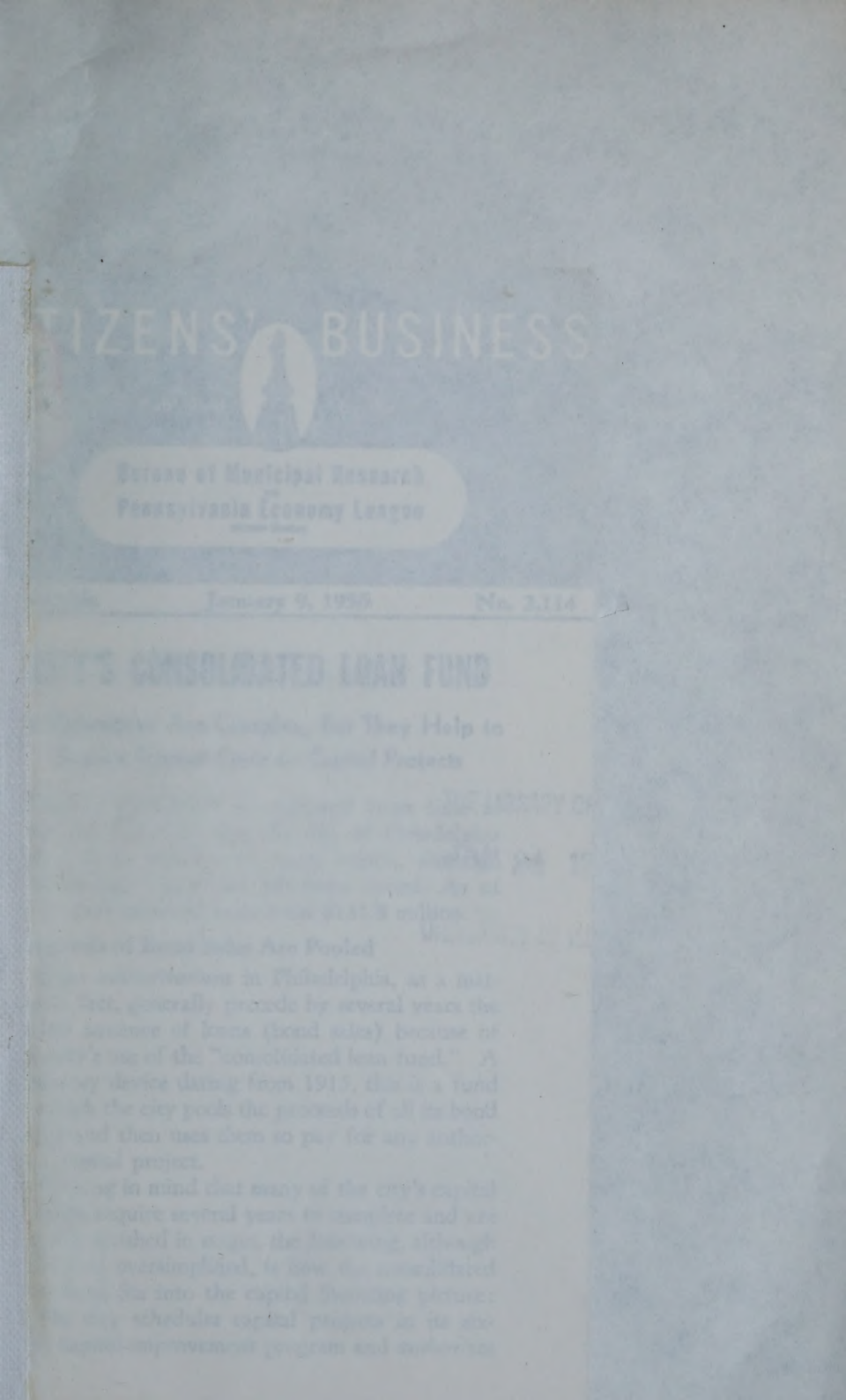

TIZENS' BUSINESS

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CITY'S CONSOLIDATED LOAN FUND

s Operations Are Complex, But They Help to Reduce Interest Costs on Capital Projects

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OME CONCERN is expressed from time to me over the fact that the city of Philadelphia as a large number of loans, which, although authorized," have not yet been issued. As of ow, such unissued loans total $131.8 million.

roceeds of Bond Sales Are Pooled

Loan *authorizations* in Philadelphia, as a mat-r of fact, generally precede by several years the tual *issuance* of loans (bond sales) because of ie city's use of the "consolidated loan fund." A atutory device dating from 1915, this is a fund which the city pools the proceeds of all its bond sues and then uses them to pay for any author-ed capital project.

Keeping in mind that many of the city's capital ojects require several years to complete and are tually finished in stages, the following, although mewhat oversimplified, is how the consolidated an fund fits into the capital financing picture: The city *schedules* capital projects in its six-ar capital improvement program and *authorizes*

building them in its annual capital budget. However, because of statutory requirements, it must also separately authorize the financing of them through loan authorizations. These are ordinances adopted by the Mayor and Council—and usually requiring approval by the electorate—which enable the city to borrow money to pay for the capital projects.

When the loan for a particular purpose has been authorized and has been allocated to specific capital projects in a capital budget, the projects are considered "financed" and the city can start the projects at once. However, the city generally sells no bonds under any of its loan authorizations until it needs the cash to pay bills on the projects.

How the Fund Operates

Let us now assume that the city has authorized three loans—Loans A, B, and C—to cover all its capital projects. When the first bills on any of the projects are due, the city will then sell bonds under one of the loan authorizations, Loan B, for example, and use the proceeds—initially deposited in the consolidated loan fund—to pay *any* of the *bills due* for *any* of the projects, even though

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"Pay-As-You-Go" Financing Also Used

PHILADELPHIA finances each capital budget not only from new loan authorizations but also from down payments or "pay-as-you-go" moneys appropriated from current general, water, and sewer fund operating revenues and also from balances in old loan authorizations which become available when projects are completed at less than 100% of the originally estimated cost. The consolidated loan fund may also borrow cash, if available, from the general fund for short periods of time in order to defer bond sales, thereby saving interest.

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some of them are "financed" by Loan A or C.

Later, when additional bills are due, the city will sell bonds from either Loan A or C and use the proceeds to meet the further cash requirements on Loan B (thereby "reimbursing" Loan B for cash used on Loan A or C projects) and to meet the cash requirements on Loan A or C projects. This operation of selling bonds and of reimbursement of loans continues until the particular loan authorizations are exhausted and the various specific projects which they cover are completed.

Flexibility and Savings

This spreading of the proceeds of one loan over the projects comprehended in a number of loan authorizations gives the city unusual flexibility in meeting its capital needs, as the city need only issue loans as necessary to meet current capital *cash* requirements. It thereby saves the city considerable amounts of money by avoiding unnecessary interest charges. Prior to the institution of the consolidated loan fund, proceeds of a loan had to be used only for specific purposes comprehended in that loan and, as a consequence, the city usually had millions of dollars in loan proceeds lying idle, on which it had to pay interest.

All of the loans now authorized but not yet issued, except those of November 8, 1955, have been used to "finance" projects in existing capital budgets, and even though the loans are not issued, the projects which they "finance" can move forward because of the operations of the consolidated loan fund.

The loans approved November 8 will probably be issued in 1958 or in 1959, but most of the projects which they will "finance" will get under way from January 1, 1956, through June 30, 1957, the term of the 1956 capital budget. Many

of the projects will actually be completed before the bonds are sold under the authorizations.

Impact on Current Budgets

It is sometimes asserted that the impact of a loan authorization on the city's *current* finances is virtually negligible because the bonds may not be sold for two, three or four years after the date of authorization, and thus the resulting debt service will not appear in any operating budget for three, four or five years.

However, if the project is begun at once after its loan is authorized, the impact may be almost immediate, even though its loan authorization remains unissued. This is because other loan issues are used to meet its bills, via the consolidated loan fund.

For example, the proceeds of the $39.9 million bonds sold on October 18, 1955, are now being used to meet bills due on projects authorized in 1955 and earlier capital budgets—projects "financed" by unissued loan authorizations. Accordingly, then, the practical effect—considerations of interloan bookkeeping aside—as far as these projects are concerned, is this: loans to pay for *them* have been issued, proceeds of loans have been spent to pay for them, and debt service has begun immediately.

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FEB 1
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ARE JOINTURES THE ANSWER FOR SMALL SCHOOL DISTRICTS?

CHANGES IN governmental structure are not always made as a result of a well-conceived plan. More often than not, changes are the result of a particular immediate need without much consideration of the long-range implications.

A case in point may be the development of the *school district jointure* in Pennsylvania. The jointure is a legal arrangement by which two or more school districts may establish and maintain joint schools, under the control of a joint board or joint committee of the boards participating. It is a device for enlarging the school administrative unit without abolishing the school districts as presently organized.

Many School Districts

To a resident of Philadelphia, accustomed to thinking of a single school district for an area with a population of two million, it frequently comes as a surprise that in the surrounding four-county area of Bucks, Chester, Delaware, and Montgomery, with a population of about one and a quarter million, there are 242 school districts.

Throughout the Commonwealth of Pennsylvania there are 2,463 school districts.*

Weakness of Small Districts

The operation of schools through so many small units has generally been unsatisfactory for these reasons:

- ***The number of pupils in many of them is too small to develop, or to justify the expense of, a complete educational program from kindergarten through high school.***
- ***The tax base is frequently not broad enough to support a satisfactory program of education.***
- ***There may be a concentration of wealth in one district, and totally insufficient resources in a neighboring district.***

School authorities have come to believe that an administrative unit should be large enough to include a minimum of 1,600 pupils in grades 1–12.

Mergers and Jointures

Two methods have been provided by law in Pennsylvania for increasing the size of administrative units: (1) by merger or union of districts, and (2) by the establishment of joint schools.

Merger or Union of Districts. This is an "organic" change, by which two or more school districts are abolished to form a new district. Approval of the voters in each of the school districts affected is required to make the change. All assets and liabilities of the several districts are consolidated unless otherwise determined by the referendum. The newly created district operates under a single school board, with a uniform tax rate, and is rewarded by additional annual state subsidy amounting to $800 per "teaching unit"† multi-

* In Pennsylvania, school districts date from the Free Public School Act of 1834. Later, the 1911 School Code provided with certain exceptions, that "each city, incorporated town, borough, or township . . . shall constitute a separate school district."

† A "teaching unit" is defined as 30 elementary or 22 high school pupils in average daily attendance.

plied by the district's "standard reimbursement fraction."

Despite the obvious merits of the plan, only 59 mergers and unions are in existence, involving 127 districts. Reluctance to give up their separate identities and powers, and fear of increased financial burden—these have been the major factors causing opposition to merging of districts.

Jointures. The second method of creating a larger administrative school unit has been through the "jointure" device, a plan which has gained much greater favor among Pennsylvania school boards than the plan of merged or union districts. Indeed, the number of jointures has reached 430, embracing 1,652 school districts, or two thirds of all the districts in the state.

The appeal of the jointure plan comes from a combination of factors, including:

- ***Joint schools can be established without a vote of the electorate, requiring simply the majority vote of the members of the boards of school directors in each district, with the approval of the county board of school directors and of the state Department of Public Instruction.***
- ***Each district retains political and fiscal independence, electing its own school board, and levying its own tax.***
- ***Districts, acting jointly, may ordinarily quickly secure for themselves new facilities and improvements which would be impossible for them, acting singly.***
- ***Wide latitude is granted to the districts in the adoption of articles of agreement under which they may build and operate schools, and share costs.***
- ***Additional annual state subsidy of $500 per teaching unit, multiplied by the district's standard reimbursement fraction, is paid to each component district.***

Weakness of the Jointure Plan

Although there are undoubted advantages in the jointure plan, it falls short in many respects

of an ideal form of school organization. Chief among its weaknesses are these:

- ***Management of the schools tends to become unduly complicated, since joint boards are an addition to administrative machinery already existing.***
- ***Joint schools frequently embrace unnecessarily large attendance areas and thus may involve high transportation costs.***
- ***Jointures may bring together districts of widely differing financial resources and educational standards, unable to work together as partners on a permanent basis. When weaker districts are excluded, new and greater inequalities of educational opportunity are created.***
- ***When jointures are organized on a partial basis, without including both elementary and secondary schools, they tend to create a dual system without proper articulation between the two levels.***

Jointures Not the Final Answer

The creation of joint schools has been a step forward, and, despite the weakness of this type of organization, has made it possible to realize great improvements in many schools.

But attention and interest should now be drawn to the need of another step forward—the creation of basic school administrative units which will be permanent and stable, large enough to support a comprehensive educational program, small enough to insure a high degree of citizen interest and support, and less encumbered with organizational machinery than the jointure.

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PENSIONS WOULD BEGIN AT AGE 55

Proposal To Lower City's Retirement Age Would Increase Taxpayers' Burdens

PHILADELPHIA'S city Council has before it a proposal to permit members of the Municipal Pension Fund to retire at age 55 instead of 60. Financing pensions for this additional five-year period would, in effect, require the dedication in perpetuity of the real estate tax on 10,000 average home owners, or the wage tax on 20,000 average private employees.[1]

Visible and Invisible Appropriations

Many eyebrows, and voices, would be raised if a city official were to appear before Council to request a special appropriation of $18,540,000, plus a continuing appropriation of $540,000 for each succeeding year.[2] But when such amounts are, in effect, embedded in the almost invisible financing requirements of a pension proposal, their significance tends to be overlooked.

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1 Assuming the average home is assessed at $6,000, and the average private employee earns $4,000 per year.

2 Or, put another way, an initial and continuing appropriation of $990,000 per year (i.e., $540,000 plus 2½% interest on an $18,000,000 loan).

Two pension bills are now up for consideration by city Council. They should not be overlooked, for two reasons:

Reason No. 1—they involve multi-million dollar long-term financial obligations.

Reason No. 2—they involve an important question of municipal pension policy, namely: "Shall municipal employees be permitted to retire on a full pension 10 years earlier than private employees?"

Some Recent History

In 1952, the Bureau of Municipal Research published a report showing, among other things, that the city's Municipal Pension Fund—which covered all employees except the uniformed forces—had an "actuarial deficit" of $82.0 million. To help reduce the prospective burden on the taxpayers, the report recommended, among other things, that employees' rates of contributions be increased, and that consideration be given to raising the minimum retirement age for future employees from 60 to 65.

Since that time, several pension measures have been adopted, but their effect has been to increase, rather than decrease, the taxpayers' burden. As of December 31, 1954, the actuarial deficit had risen to $111,000,000. In recent years, actual city appropriations to the Municipal Pension Fund have risen almost fivefold, from $850,000 (1950) to $3.9 million (1956).

Full Pension at Age 55

Bill No. 31, introduced in city Council on January 12 last, would lower the Municipal Pension Fund's minimum retirement age for *full pensions*[3] from age 60 to age 55, and would increase em-

[3] For 20 years' service, the full monthly pension equals 50% of the first $400 of the monthly average of the highest 5 years' earnings.

ployees' contributions from an average of about 3% of "base pay" to about 4%.[4]

A companion measure, Bill No. 32, would correspondingly lower the age requirements for pensions payable to surviving spouses.

Actuarial Cost and Tax-Dollars

The total actuarial cost, to the taxpayers, of the *present provisions* of the Municipal Pension Fund is about $8.8 million per year[5] (including annual "current actuarial cost" and interest on the "actuarial deficit").

The city's consulting actuaries have estimated that Bills 31 and 32 would increase the actuarial deficit by $18 million, and the annual current actuarial cost by $540,000. Accordingly, if the bills are adopted, the total actuarial cost would rise to about $9.8 million per year,[6] or an increase of $1 million per year.

To be sure, since the Municipal Pension Fund is not financed on an actuarial basis, the full impact of these actuarial costs will not be felt for a number of years. On the other hand, since the figures represent "actuarially discounted" amounts, their impact will eventually be heavier than indicated. For example, it may be estimated that the $1 million of increase in annual "actuarial cost" represents a future cash outlay of as much as $1.3 million in tax-dollars per year.

Involves Fundamental Policy

Taxpayers' burdens aside, an equally important consideration relates to the fundamental policy of permitting municipal employees to retire on a full

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4 Employees would pay 3½% of the first $200 of monthly salary, and 5% of the next $200. Present rates are 2½% and 4%, respectively.

5 Comprised of $6,060,000 in current actuarial cost, plus 2½% interest on $111,000,000 actuarial deficit.

6 Comprised of $6,600,000 in current actuarial cost, plus 2½% interest on $129,000,000 actuarial deficit.

pension 10 years earlier than private employees.

It appears clear that most private pension plans are geared to the Social Security retirement age of 65. Thus, reducing the city's retirement age from 60 to 55 would widen the margin between city and private employees. (Moreover, it would have the effect of denying the city government the services of many of its highly experienced personnel.)

All of this comes in the face of increasing longevity and in the face of continued productivity at the age of 65 and beyond. There is an increasing realization that even age 65 is too early a retirement age for many persons.

A Possible Alternative

In any event, if Council concludes that city employees should be permitted to retire at age 55, Council should consider amending the bills so as to couple the early retirement age with a sharply reduced ("actuarially discounted") benefit rate—a common practice, both public and private. This would at least lessen the direct financial impact on the taxpayers. However, it would not compensate for the loss of the services of those experienced employees who might, despite the reduced benefit rate, exercise the option to retire at age 55.

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VOCATIONAL EDUCATION PROGRAM

Counties Permitted To Build and Operate 'Area Technical Schools' If Needed

CURRENTLY an important question in public education is, "To what extent shall secondary school systems be reorganized in order to expand and emphasize vocational education under Act 342 of 1953?" This is discussed in a 39-page report, *Vocational Education for Montgomery County*, recently issued by the Montgomery County Branch of the BMR-PEL.

Vocational education courses, it is pointed out, go beyond the regular homemaking and shop courses, which are introductory and designed to contribute to general education. The aim of the vocational education curriculum is to teach specific skills of a selected vocation.

Obligations Placed on County Boards

Act 342 requires each county board of school directors to do the following:

- ***Appoint an advisory committee composed of administrators of participating school districts and representatives of local trades, industries, and occupations.***

- ***Make a survey of vocational needs in the county.***
- ***Establish attendance areas for special vocational training and assign school districts to be included in each.***
- ***Call a convention of school directors of the school districts of each attendance area to discuss and vote on the establishment of an "area technical school."****

If the vote is in favor of establishing an area technical school, the county board is authorized to organize and operate such a school.

Impact on School Administration

In outlining this program for vocational education, the law places authority for implementation in the hands of the county boards. Thus, they would become directly responsible for management of schools established under the act. This involves an entirely new concept of the powers of the county board of school directors.

Previous to this, the State Legislature added to the scope of authority of county boards; Act 361 of 1947 directed them to prepare plans for reorganization of the administrative units and attendance areas. However, the 1947 law maintained the administration of the schools at the district level, although it authorized the districts to combine as "jointures" or to form "mergers." (See CITIZENS' BUSINESS No. 2,115.) Unlike the 1953 law, it did not authorize the county boards to establish and operate separate schools.

Thus, the 1953 law has the potential effect of substantially complicating the future structural organization of public education.

Present Vocational Education Administration

The regular school organization has traditionally handled vocational education. At present, pupils desiring vocational education may either obtain it in the local district or in facilities main-

* Area technical schools would have a curriculum including vocational industrial, vocational agricultural, vocational homemaking, and vocational distributive occupational education.

No Area Technical Schools Yet

ACTION under Act 342 of 1953 (which authorizes counties to establish "area technical schools") has been slow. Aside from those counties which have "expressed interest," less than one-third of the counties in the state have taken any action. Only nine counties have studied the needs and the cost involved in operating an area technical school. No such schools are presently operating under the act. This might be due in part to the fact that the act prohibited the establishment of area technical schools prior to June 1, 1955.

tained jointly by a number of districts, or may apply for admission to the facilities of another district.

In the BMR-PEL report, it was found that of a total of 24,131 pupils in secondary schools in Montgomery County in 1954, only 1,263 (5.1%) were enrolled in the vocational education courses. Ten of the 28 secondary schools are offering such courses—vocational homemaking is given in six schools; a trade and industry course is given in five; vocational agriculture, in three. In regard to the low enrollment in vocational education courses, it is not known to what extent this is due to an absence of interest, or to a lack of facilities.

Costs of Vocational Education

Another factor that enters the picture is the cost of vocational education. Most schools do not report such costs separately. However, Philadelphia maintains vocational-technical schools, and in every year during the ten-year period 1945–54, per pupil costs for those schools were 44.1% higher than junior high, and 15.4% higher than senior high. (Capital outlay costs were not included in this cost determination.)

Accordingly, it is fair to assume that vocational education is more expensive than regular secondary school education.

Copies of Report Now Available

A LIMITED number of copies of the 39-page report **Vocational Education for Montgomery County** ***is now available at $1.50 each from the BMR-PEL. However, single copies may be obtained free of charge by contributors of the BMR-PEL.***

Conclusions of the Report

On the basis of the present situation and existing knowledge, the BMR-PEL report concludes:

- *It is by no means clear that the organizational pattern set out in the 1953 Act is the appropriate means under which vocational training activities should be performed. Educational administration is already complex; adding to the structure with area technical schools should not be done until it has been determined that the present pattern is inadequate.*

- *Cost for operating an area technical school will doubtless be substantially greater than regular high school training. Such a school should be considered only when there is ample evidence that it will pay adequate dividends for the added investment.*

- *The issue of specialized vocational education versus the more general type of training is so fundamental that all the significant elements of the community should participate freely in the decisions that are made.*

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TURNOVER IS PERENNIAL HEADACHE

To Cope With Problem, City Needs More Data on Turnover and Its Causes

A MAJOR problem facing most organizations, public and private, is personnel *turnover*. The most widely-accepted measure of turnover is the "replacement rate," which is the relationship between separations (or appointments) and average work force. (See box on third page for further discussion.)

City's Replacement Rate

In Philadelphia, the yearly "replacement rate" among city civil service workers has been rising over the past four years, from 11% in 1952 to 23% in 1955. The average annual rate for the period was 20%. This figure is not out of line with the average annual replacement rate of 23% among federal civilian employees for the four-year period 1951–54. (Temporary and seasonal employees are included in calculations for both city and federal government.)

However, comparisons aside, the fact remains that, on the average, one-fifth of the city's personnel is replaced each year.

Adverse Effects of Turnover

Turnover has three fundamental adverse effects. First, it is costly to train new employees.* Second, the quality of work performed is impaired. New workers will seldom be able to produce as efficiently, and, in some cases, as safely as experienced personnel.

Last, the morale of an organization is seriously affected. Feelings of insecurity are created among the employees, the needed spirit of teamwork is weakened, problems involving adjustments on the part of new workers are magnified, and the general attitude that "this is not a good place to work" is generated.

Significance of "Quits"

Perhaps the most important aspect of the turnover problem is the "quit rate." ("Quits" are defined as voluntary resignations, and the "quit rate" is obtained by dividing the number of quits by the number of total separations.)

According to recent annual reports of the Philadelphia Civil Service Commission and Personnel Department, the number of quits has been the largest single cause of separations in the city service. (Other important causes include termination of temporary appointments, dismissals, and retirement.)

However, the city's quit rate, unlike its replacement rate, has been declining in recent years, dropping from 63% in 1952 to 44% in 1955. The average quit rate per year for this period was 56%, which compares favorably with the quit rate of 58% for federal civilian employees for 1951-54.†

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* Private business concerns estimate that it costs an average of $50 to recruit a new worker. This figure does not include either training expense or initial inefficiency costs.

† Unlike the city government, the federal service includes, in quits, transfers to other federal agencies and abandonment of position.

How "Replacement Rate" Is Calculated

TURNOVER RATE has been variously defined and used. Most administrators prefer the "replacement rate" as the means of measuring turnover, despite some drawbacks. By using the replacement rate, both accessions (usually meaning appointments in civil service) and separations are taken into account and vacated jobs not refilled are ruled out. The formula to express this is:

$$\frac{\text{accessions or separations}}{\text{average work force}} \times 100 = \text{replacement rate per cent}$$

When accessions are less than separations in the period being measured, accessions become the dividend. Conversely, separations are used when they are less.

Nevertheless, since quits still account for almost one-half of the city's separations, the importance of the problem is apparent.

What the City Is Doing—

About Recording Turnover Data. Considering the fact that there is a significant turnover in city employees, it is obvious that collection of data is an essential element in studying this problem.

When an individual is either appointed to or separated from the city civil service, the city Personnel Department receives notice. Since early 1955, a monthly tabulation of appointments and separations in each department has been made by the city Personnel Department.

The form of this monthly report has been in the process of being improved during the past year. Only a limited number of copies were made and they were not generally available. The Office of the Director of Finance, for the purpose of payroll, keeps a large amount of raw data on city appointments and separations and puts out a quarterly report with work force figures.

About Determining Turnover Causes. As pointed out above, the number of quits is the

largest single factor in separations and appears to be the key to the turnover problem. One of the few means of finding causes for quits is the exit interview. At present, few departments conduct such interviews.

What the City Can Do—

About Recording Turnover Data. There is need for the Personnel Department to continue the tabulation of appointments to and separations from each department.

The form used should be standardized and given wider publicity and circulation.

About Determining Turnover Causes. There is a need for establishing exit interviews for all employees being separated from the city government. This might be done most satisfactorily at the individual department level where more of an immediate interest is felt.

Here again, it is essential that each department attempt to get basically similar data from the interview and compile it periodically.

In view of the facts that an effort is being made continuously to keep the city pay scale in line with non-governmental jobs in the area (see CITIZENS' BUSINESS *No. 2,105), that the city maintains a liberal pension plan, and that it offers many other fringe benefits, it appears clear that turnover is a major* ***management*** *problem.*

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END OF AN ERA?

Philadelphia's Recent 50-Year Bond Issue May Be Last of Such Long Maturities

INVESTORS were surprised recently when the City of Philadelphia went into the bond market to sell $6.0 million general obligation bonds maturing over a period of 50 years—the first time since April 1950 that the city had sold bonds with such long maturities.

Old and New Debt Policy

Prior to 1952, Philadelphia was one of the few large cities that issued many bonds maturing over a period as long as 50 years.

The city found that spreading maturities over longer periods reduced the annual requirements for principal and interest in *each single year* of the debt schedule, although the practice did increase the *total* cost of each borrowing.

The city in 1952 generally abandoned this expensive practice in favor of issuing bonds to mature over shorter periods. It began to authorize new bond issues with maturities up to 35 to 40 years, and city officials finally fixed limits of 25-year maturities for tax-supported bonds and 40-

year maturities for self-supporting water and sewer bonds.

To conform with the new policy, it eventually revised all but one of the authorizations for which it had not yet sold bonds by January 1, 1952. The solitary exception was the $6.0 million bond issue recently sold.

Contracts Determine Life of Bonds. This issue was for self-supporting transit purposes—the extension of the Market Street subway-surface line—and was fixed at 50 years under the city's contract with the PTC and an ordinance enacted in 1950 by Council and approved by the electorate. The contractual arrangement barred any downward revision in the period of maturity.

However, now that this one remaining authorization calling for 50-year bonds is sold, city officials are hopeful that it will be the last such issue. The officials expect to maintain the present policy of limiting the maturities of all self-supporting bonds to 40 years, and tax-supported bonds to 25 years. (Of course, where the life of an improvement is shorter, the term of maturity will be

Philadelphia Municipal Bond Issues, 1945-56*
(*In thousands of dollars*)

Maturity period (years)	*Amount issued 1945–51*	*% of total*	*Amount issued 1952–56*	*% of total*
10	$ 1,100	.5	.....	.....
15	8,400	4.1	$ 18,500	10.8
20	13,200	6.6	.....	.....
25	11,000	5.5	58,270	34.0
30	25,000	12.4	68,750	40.1
40	73,000	36.3	20,000	11.6
50	69,625	34.6	6,000	3.5
Total	$201;325	100.0	$171,520	100.0

* As of present date.

shorter—some self-supporting gas bonds mature in 15 years.)

There may be difficulties. The maturities on city bonds for transit purposes are subject to contract negotiations with the PTC, which negotiations are under the supervision of the Pennsylvania Public Utility Commission. It is within this framework that the city must negotiate its preference for maturities not to exceed 40 years.

Life of Recent Bond Issues

Acting on its 1952 policy on bond sales from 1952 through early 1956, the city has considerably altered its debt maturity schedule.

From 1945—when the city's postwar capital program got under way—through 1951, the city issued $201,325,000 bonds to finance its capital improvements. Since 1951, the city has issued $171,520,000 bonds. (See table.)

Between 1945 and 1951, 71% of the bonds sold had maturities of 40 years or longer. However, as a consequence of the generally shorter maturities in the 1952–56 bond sales (only 15% of them were for 40 years or more), the ratio has been reduced so that now only 45% of the bonds issued after 1944 are for 40 years or more.

Between the years 1945–51, the "average life of bonds" issued was 21 years. The average life for bonds issued after 1951 is 15 years.*

Acceleration of Debt Retirement

Under the policy favoring excessively long maturities, Philadelphia was paying out annually far more for interest than it was to retire outstanding debt.

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* The term "average life of bonds" as used in public finance means the average period for which an entire issue is outstanding. Thus, if $1 million of bonds are issued for serial maturities of $100,000 per year commencing one year from date of issue, the average life of the 10-year serial bonds would be 5.5 years. Inasmuch as it is by far the prevailing custom in Philadelphia to issue bonds of equal annual maturity installments, the calculations were done on such average basis.

Long Maturities Increase Interest Cost

ASSUMING the same rate of interest, 2½%, and an equal annual principal payment plan, it would cost the city $426,245 in interest to retire a $1,000,000 issue over 30 years, as compared to $701,250 (65% more) in interest to retire such an issue over 50 years. Moreover, this is an understatement of the actual comparison because in the present municipal market, 50-year bonds would command a higher rate than 2½%, and 30-year bonds, would command a lower rate.

The trend has reversed in recent years. Consequently, principal payments are exceeding interest payments. This accelerating rate of debt retirement is a favorable factor in evaluating the city's credit.

Recommendations for Future Policy

Since it will take years to reduce the over-all existing schedule of bond retirement—the recent sale of $6.0 million bonds pushes it to 2005—the city should be encouraged to continue the practice instituted in 1952 (actually only one of a number generally tightening up debt policy) of issuing bonds for 25-year to 40-year periods.

The recent sale of 50-year bonds may well mark the welcome end of an era.

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IZENS' BUSINESS

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Philadelphia April 8, 1956 No. 2,119S

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THE PROPOSED CHARTER AMENDMENTS

THREE DISTINCT proposals are incorporated in the three proposed amendments to the Home Rule Charter which will appear on the April 24, 1956 primary ballot.* The intent of the amendments and their texts are given below. All matter proposed to be added to the charter by the amendments is indicated by italics, and all matter proposed to be deleted, is enclosed in brackets.

Amendment No. 1

Amendment No. 1 would exempt from civil service requirements the officers and employees of all *elected* city officers except the Mayor, by amending Section 7-301 (a) of the Home Rule Charter as indicated:

Section 7-301. Exemptions. All officers and employees of the City, including all officers and employees of all departments, all independent boards and commissions, and all departmental boards and commissions, shall be under civil service except:

(a) All officers elected by the people and [their deputies,], *except in the case of the Mayor, all their officers and employees,* and employees appointed by the members of the Council . . .

Amendment No. 2

Amendment No. 2 would lift the ban on political activities on the part of the officers and employees of all *elected* city officers except the Mayor, by amending Subsection (4) of Section 10-107 (Political Activities) of the Home Rule Charter as indicated:

(4) No appointed officer or employee of the City shall be a member of any national, state or local committee of a political party, or an officer or member of a committee of a partisan political club, or take any part in the management or affairs of any political party or in any political

* Whether or not Philadelphians will vote on all three of the amendments on that day will depend on the outcome of the case now pending in the state Supreme Court.

SUPPLEMENT

This is a special issue of our regular semi-monthly publication, CITIZENS' BUSINESS. Such special issues will appear from time to time.

campaign, except to exercise his right as a citizen privately to express his opinion and to cast his vote; *provided, however, that the provisions of this subsection shall not be applicable to any of the officers or employees of officers, other than the Mayor, elected by the people.*

Amendment No. 3

Amendment No. 3 would permit all *elected* city officers to run for *any* elective office without first resigning their present positions, by amending Subsection 5 of Section 10-107 (Political Activities) of the Home Rule Charter, as indicated:

(5) No *appointed* officer or employee of the City [, except elected officers running for re-election] shall be a candidate for nomination or election to any public office unless he shall have first resigned from his then office or employment.

Effects of Amendments—in General

Amendments Nos. 1 and 2 are intended to apply to the offices of the City Commissioners, the City Controller, the Clerk of Quarter Sessions, the District Attorney, and the Sheriff. At present, all but 62 (including the seven elective officers) of 634 authorized positions in the five offices are subject to civil service. If Amendment No. 1 is approved, 572 employees, with a net compensation of $2,150,000, would be removed from civil service and would serve at the pleasure of their respective appointing officers.

At present, the seven elective officers are allowed to engage in political activities, but all their subordinates are prohibited from such activities by the charter. If Amendment No. 2 is approved, as many as 627 employees would be legally permitted, and probably required, to engage in political activities.

Amendment No. 3 would apply to 25 city officers, the Mayor, the 17 Councilmen, the three City Commissioners, the City Controller, the Clerk of Quarter Sessions, the District Attorney, and the Sheriff. At present, only elected officers running for *re*-election need not resign while a nominee or candidate for elective office.

Effect of Amendment No. 1

Amendment No. 1 to the Home Rule Charter proposes to remove the employees of five elective city offices (listed above) from civil service and make their employment subject to the spoils system. The chief reason for this amendment, the proponents claim, is that this political patronage—in the form of the 572 jobs made available to the political organizations—is indispensable to the maintenance of the *two*-party system in Philadelphia.

Patronage and History

A political realist may question whether this reason does not mask a quite understandable desire to maintain the present political power in office (even though one of the offices involved, that of the City Controller—with less than 10% of the jobs—is in the hands of the opposite party).

It should not be forgotten that, until Philadelphians were aroused in the past decade, patronage was one of the primary tools used to weaken the two-party system locally for generations. And, certainly, the recent election history of Philadelphia in the past decade does not indicate that the possession of patronage is

mote political ends. Since much of the machinery of local government is in the hands of employees, the charter attempts to insure, as far as a legislative instrument can do so, that city employees cannot be used to further political ends to the detriment of the over-all or long-term welfare of the city. (Many city employees themselves prefer the ban on political activity.)

If Amendment Nos. 1 and 2 were approved, many officers and employees in the five elective offices could and would be hired, promoted, and fired on their record in political activity. Moreover, in any conflict of interest, their long-term loyalty to their political sponsors would certainly out-ride their short-term loyalty to the city when the penalty is dismissal. This is a matter of history in Philadelphia where political performance too often has been the more important determining qualification in patronage appointments.

(It may be recalled that in one city agency now under civil service but under patronage prior to 1952, an independent impartial testing of the abilities of the employees carried over indicated that a majority of them were not qualified for even the lowest grade clerical positions in the department.)

Effect of Amendment No. 3

Amendment No. 3 would allow elected city officers (some 25 in all) to continue to hold office when they are running for other offices. The present prohibition which requires both appointive and elective city officers to resign their office when they are running for any office but the one which they hold is a unique requirement in the Philadelphia Home Rule Charter.

Reasons for Present Provision

The reasoning for the prohibition is this: An incumbent running for *re*-election can be presumed to maintain some contact with his official duties because his campaign is related to the conduct of his own office. But an officer planning to run for a different office is more likely to use the resources and personnel of the office he holds to further his political ambitions rather than the aims of his office. And then, when he is actually campaigning for the different office, he must dilute his energies and leave the management of his present office to others.

A municipal officer, permitted to continue his city position while he runs for a state or federal office, must leave the city for long periods of time. If he is successful in the election, a temporary appointee must fill out his unexpired term, giving way to a further disruption of municipal functions, and perhaps requiring an expensive special election. If he is unsuccessful, the winner in a bitter campaign—for the governorship, for example—may visit reprisals on the loser and the city.

Further Trial Needed

The chief argument for the change in this prohibition is the lifting of hardship from the 25 officers concerned.

The prohibition has been in effect for so short a period that it has hardly been tested, only affecting two elected officers in the last four years. Pending an adequate test and, perhaps, a more comprehensive view of the problems of hardship affecting other city officers and employees who are potential candidates for advancement on the electoral ladder, city, state, and federal, it would appear to be too early to eliminate the prohibition as Amendment No. 3 proposes.

Controller's Position

The incumbent of the fifth office affected by the amendments, that of City Controller, is against the amendments. He recognizes that if his office is to do the complex and exacting job of accounting and auditing put upon it by the Home Rule Charter, he must have qualified people loyal to the job they are doing rather than to the political party of the appointing authority and who may continue on the job despite political changes.

Adequate Management?

It has been asserted by friends of the amendments, that if this and the other two amendments are approved, the management of the five offices will be as "adequate" as the management of these offices was prior to 1952. It was the quality of such management (since attested to over and over again in the various reports on the city government) that was a strong stimulus to the adoption of the Home Rule Charter and the heavy vote for city-county consolidation.

Effect of Amendment No. 2

Amendment No. 2 complements Amendment No. 1. The one would reward political activity by giving city employment in the five elective city offices to party workers; the other would permit them to engage in political activity. These employees could be members of any national, state or local committee; officers, or members, or members of a committee, of a partisan political club; or take part in the management of any political party or in any political campaign. The argument for the maintenance of the two-party system applies with equal force here and so likewise do the arguments meeting that contention.

Dual Loyalty

Enabling any city employee to engage in political activity creates a dual loyalty for city employees—the one to the city, which pays his salary, and one to the political party, which controls his tenure. The charter banned political activity to city employees so that they would have but one loyalty—to the city and *all* of its people regardless of party affiliation—and would not be subject to party discipline for preferring the city's interest over the party.

Some critics of the ban on political activity believe that it makes city employees "second-class" citizens and denies them a right granted to every other group in American democracy. Opponents of the amendment do not concede this "second-class" status at all, since governmental employment is a privilege and not a right. But even were it to be conceded, the ban, in the view of the opponents, is the less objectionable of possible evils in Philadelphia.

Now, the acceptance of city employment under the charter deprives all city employees of certain rights of political action. Thus, it could be argued that the restoration of the right to engage in political activity to a small group of 627 would be unfair to the other 25,000 city employees (policemen, firemen, inspectors, and others) still under the ban.

Politics and Government

It is doubtful that Philadelphians would want to lift the ban on any employees. They know that the business of politics is government and governmental administration. They know that the business of politics involves the use and, if permitted, the abuse of governmental activities, favors, preferences, etc., to pro-

a significant determinant in election results, albeit the hope of acquiring patronage may have played some part not easily measured in the activities of some political workers.

Pragmatic Philadelphians may question whether a two-party system capable of bringing out 70% of the vote, as it did in last year's local election, needs the support of patronage to enable it to survive. Lastly, the lack of local patronage in Philadelphia (down sharply since 1952 when the Home Rule Charter in the city government and the city-county consolidation amendment in the county became effective) has not had any noticeable effect on the total registration of the electorate in the city.

"Sensitive" Offices?

The secondary argument of the proponents is that the five offices are uniquely suited to such discriminatory treatment in eliminating their employees from civil service. The sponsors of the amendments claim that the five offices all involve highly sensitive administrative situations involving considerable confidential work for which only personal appointees can be counted upon.

This is most strongly urged of the office of District Attorney who already has 42 of his 93 authorized employees outside of civil service. (The exemption of most of these was granted on the ground that they are attorneys; there is in this office also a "confidential" squad of 11 county detectives.)

Yet it is hard to see how the activities and records of this office are any more confidential than those of the Police Department (with only 4 of 5,300 employee positions exempt from civil service) in the investigation and apprehension of criminals, or of the Department of Collections in the collecting and auditing of tax returns, or of the Department of Public Health in the handling of social diseases.

The same argument regarding sensitivity applied to the other offices is of even less moment. The proponents are unmindful of the fact that in any business, public or private, many employees are used in confidential relationships to a greater or lesser degree and may be dismissed for breach of confidence. It is a cause now for dismissal in these five offices as it is elsewhere in the city service.

Administrative Character of Offices

Furthermore, three of the four remaining offices are purely administrative in character, even though the Clerk of Quarter Sessions, the Sheriff, and the City Commissioners are all independent elective officers. Except for historical precedent and the long delay in city-county consolidation, these agencies would not now be headed by independent elective officers, but would be in the same category as other purely administrative offices and agencies.

The Clerk and the Sheriff are administrative arms of the courts, like the appointive Prothonotary, and are not policy-makers; they are largely controlled by statutes and the rules and directives of the courts they serve. The City Commissioners direct the inspections of weights and measures and supervise part of the city's election machinery.

All of these offices are responsible for judicial and administrative operations which should be done by people of high competence and possessed of the expertness and consistency of approach produced by continuous tenure—people more easily recruited and retained under civil service than under patronage.

BMR-PEL Conclusion

After carefully studying the arguments for and against the proposed amendments, the BMR-PEL has concluded that, at this juncture in municipal affairs, the amendments if adopted will harm the conduct of the city's business. Accordingly, it believes that they should be voted down at the April 24 primary election.

The BMR-PEL does not believe that the charter's inclusion of virtually all city employees under civil service and banning their participation in political activities are panaceas for all municipal ills. But these provisions do form part of the ground-rules for the proper conduct of Philadelphia's city government in our generation. The amendments, particularly the first and second, which would take five city offices out of civil service and enable their employees to engage in political activities, will not provide a better level of government in Philadelphia —which certainly should be the main objective of any charter amendments.

Any city agency is as important as any other city agency in terms of overall objectives of the city government. To thrust five of them (perhaps only as a beginning, if these first amendments are adopted) into politics and political activities is to thwart that promise envisioned in the Home Rule Charter (and one which will still take years to realize) of a competent, professional, disciplined, and non-political municipal civil service working for the good of all the people of the city regardless of political affiliation.

To serve best the people of the city and the city government itself, we believe that every voter ought to vote "No" on each of the three proposed charter amendments on the April 24 ballot.

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UNIVERSITY OF ILLINOIS

SCHOOL BUILDING SUBSIDIES REVISED

New State Law Increases Total Subsidies But Provides Inducements to Economy

IN the next four years, under State Act 417 of March 22, 1956, the limits for public school building construction costs in which the state will participate will be increased by $500 million and, secondly, the state will extend its participation to school construction financed by general obligation bonds.

However, other provisions of the same law impose a conservative influence on such participation. Of these, one revises the reimbursement formula by stabilizing the subsidy factor, and another establishes a maximum level of per pupil construction costs beyond which the state will not participate.

Increase In Amount of State Assistance

From a previous limit of $425 million, the new law gradually increases the maximum for public school building construction in which the state will participate, until the limit reaches $925 million in the 1958-59 school year.

Thus, within the period 1949 (when the state first entered the field of school construction sub-

sidization) through 1959, the state will have approved authorization of almost a billion dollars of construction in which it participates.

General Obligation Bonds Now Included

In 1951, the state established a complicated formula by which it participated in the financing of school building construction. However, the buildings had to be constructed by either state or local Authorities; no subsidy was allowed for construction from a school district's general obligation bonds.

As a result, some school districts (Philadelphia, Pittsburgh, and others) which chose to pursue the general obligation method of financing construction could not get state school building subsidies.

Those districts which have continued to use general obligation bonds have done so largely because they considered that the interest and other charges involved in this type of financing were substantially less than the cost of going the Authority route.

On the whole, such districts have achieved their building programs to date at a lesser cost for the use of money than they would have had to pay under Authority financing.

Now, however, districts which have general borrowing capacity can again proceed to the use of the more traditional type of financing at reduced interest costs, without being deprived of state subsidy for that purpose.

Stabilization of Subsidy Factor

Since 1951, the state's basic participation in school building subsidies increased progressively because the formula for calculation of the subsidy was so constructed by the legislature that in some cases it would have increased each year from 1953-54 to 1958-59.

The new law forestalls any further increase in the state's percentage of participation where other

features in the formula remain constant. If, for a given district, the state was contributing 50% of the cost, its participation for 1953-54 under the pre-existing formula would have risen to 58% for 1958-59 and thereafter. Under the new formula, it will remain constant at 50%.

Limits on Construction Costs

Prior to the new law, the state applied its percentage of financial participation to the full cost of all elements of school building construction which had the approval of the state Department of Public Instruction. Thus, if one school district built an elementary school at a cost of $1,000 per pupil of rated capacity, it received reimbursement based upon the principal and other charges incident to the financing of that $1,000. A neighboring district might choose to spend $1,500 per pupil of rated capacity, and if the construction were approved the state participated in that full $1,500. This served as an inducement to more expensive construction in some school districts.

The new law limits the state's participation in both elementary and secondary school construction costs. It provides that the state will not participate in that portion of the construction costs which are in excess of $1,100 per rated pupil capacity for elementary schools and $1,700 per rated pupil capacity for secondary schools. The effect of this action is to say to the school districts that they must pay the full cost from local funds for construction in excess of the $1,100 or the $1,700 figure.

Inducements to Economy

The two foregoing limitations will doubtless result in a re-evaluation of school building programs in many districts. For example, one district in this area incurred a cost of $1,600 per pupil in one of its recently erected elementary schools. This amount plus interest costs brought the total

How New Law Could Affect Philadelphia

FOR PHILADELPHIA at the present time, the formula for state subsidy will mean a reimbursement by the state of approximately 17% of total principal and interest requirements arising from future school building financing. If Philadelphia builds $10 million of schools eligible for aid under the new program, and if the total interest charges on this $10 million of financing amounts to $3 million, it will mean that over the life of the bonds the city will pay directly approximately $10.8 million. The state will take up the remainder of the tab in the amount of $2.2 million.

cost up to approximately $2,700 per pupil. On the basis of the percentage then reimbursable by the state, the cost to the local district was $1,250 per pupil with the state putting up $1,450 per pupil.

Should this district in the future erect a school with the same unit cost and financed on the same basis as the previous school, the state subsidy would amount to only $980, with the local district being obliged to put up $1,720.

Most of the elements of the new limitations have come as a result of general unrest derived from the earlier programs, and particularly come from activities of the Joint State Government Commission with support from citizen organizations such as the Bureau of Municipal Research and the Pennsylvania Economy League.

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MAY 8 1956
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"A THING OF BEAUTY IS A JOY FOREVER"

CITIES have a way of piling brick on brick, stone on stone, and steel on steel in their center area—ending up by covering almost all of the area with structures.

Greene Countrie Towne?

The founder of this great city contemplated a "Greene Countrie Towne." But, so far as our center city is concerned, we have, through quite understandable processes, denuded it of much of its greenery in favor of a monopoly of structures, some interesting, some beautiful, and some ugly.

The Benjamin Franklin Parkway and more recently the North and East Mall developments in the Independence Square area, coupled with the original four squares* now known as Logan, Franklin, Rittenhouse, and Washington, are fortunate breaks in the monotony.

Nature Thwarted

Who can pass the tulips in Logan Circle, sit under the trees in Rittenhouse Square, stroll through the Independence Hall area, without ex-

* These four squares, together with Penn Square on which the City Hall stands, were a gift to the city from William Penn.

periencing some indefinable tug at some hidden element of his personality and an appreciation for that which nature can provide so abundantly, given the opportunity.

Amidst these opportunities a strange incongruity exists insofar as the treatment of three key plots of ground in center city is concerned.

Here in center city we have three areas which today might be described as follows.

Air Vents and A Little Grass

a) A square with some air vents for trains which periodically come to rest underneath. On the surface there are a few trees tended indifferently, a little grass here and there, but mostly raw earth resulting from the passage of many feet, despite prominently displayed signs: "No Crossing Here." A neat but uncamouflaged escalator exit features one corner.

Not a Flower in Sight

b) Adjoining is another square, upon which are found a number of trees; some trash baskets which, while highly functional, can hardly offer any great claim of artistic achievement; a kind of building, architecturally unexciting, with an all-purpose stage, band shell, or what have you; a considerable amount of concrete interspersed with little strips of macadam—but not a flower in sight. There are also some broken-down iron fences, and several citizens—reputable or otherwise—basking in the sun when weather permits. Depending upon the current drive, whim, or caprice of the assigned attendants, the area's litter is raked or unraked.

Some Hedging and Billboards

c) The third and largest parcel is graced by a structure which, depending upon one's architectural taste, is an eyesore or a fine example of a community endeavor. It is surrounded, fortu-

Prospect for Early Improvements

IN ITS 1956–1961 capital improvement program, Philadelphia has scheduled a $206,000 project which, according to the City Planning Commission's report on the program, is for "the improvement of the illumination of City Hall courtyard and its archway entrances, as well as the improvement of the courtyard area. This project will greatly enhance the architectural merits of City Hall, so that it will relate to the adjacent Penn Center development." The project was originally scheduled for 1961, but a proposal is now pending in Council to get $60,000 of it underway in 1956.

Also, it is our understanding that two large private corporations have informally committed themselves to grant $25,000 each to the Fairmount Park Commission to beautify the square bounded by Pennsylvania Boulevard and 15th, 16th, and Arch Streets, provided that the city transfers jurisdiction over that area to the Fairmount Park Commission. However, no action has yet been taken on this transfer.

nately, by broad areas which set it back from the street, and these are paved with concrete.

A grudging few square feet have been assigned to hedging, but the full architectural effect of the massive central structure is obscured at the ground level by such diverse items as two huge billboards, an armed forces recruiting station, a servicemen's canteen, and some kind of archaic

lights which are arranged from time to time in different patterns to convey "Welcome," etc.

Through the broad arcades of the edifice one passes to the center with the hope, but without the realization, of finding beauty in the courtyard. This courtyard is graced by sheriffs' wagons, police vehicles, some more unexciting trash baskets, and a variety of functional but unattractive booths—but rarely any flowers.

Must It Be This Way?

The foregoing depressing descriptions identify: a) the square bounded by Pennsylvania Boulevard and 15th, 16th, and Arch Streets; b) Reyburn Plaza; and c) City Hall square.

With all of our capacity for creating the beautiful—and with daily traffic through these areas being measured in terms of the tens of thousands, if not hundreds of thousands, of people—would it not be possible for us to do better?

Could we not develop these areas into one of the most attractive central city sights in the United States, pleasing both to Philadelphians and visitors from out of town?

Could we not reduce the amount of surface concrete around City Hall in favor of some well-maintained flower gardens?

Could we not emulate such communities as Allentown and Bloomsburg, and turn City Hall courtyard into a glorious riot of color?

"*A thing of beauty is a joy forever.*"

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"PHILADELPHIA GOVERNMENT—1956"

BMR-PEL Publishes 365-page Textbook-Manual On Philadelphia's Local Governments

WITH THE aid of a grant from the Thomas Skelton Harrison Foundation, the Bureau of Municipal Research and Pennsylvania Economy League (E.D.) has just published a comprehensive textbook-manual on Philadelphia's government. The 365-page *Philadelphia Government—1956* (available at $2.50 a copy) provides in moderately easy reading form a description of the major elements of the city's units of government.

Divided Into Four Parts

The text is divided into four parts:

- *Part I portrays the elements which shape or restrict the activities of Philadelphia's local government units. Thus, among other things, Part I relates the history of our local government and discusses the courts, court agencies, political parties, and elections.*
- *Part II describes the services rendered to Philadelphians by their local governments.*
- *Part III tells how the local units finance their operations.*
- *Part IV describes those city-government agencies which provide services to their sister agencies of the city government.*

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How Much Do You Know About Your Local Government?

1. The Home Rule Amendment became part of the state constitution in: (a) 1919; (b) 1922; (c) 1929; (d) 1937.

2. The most recently established of Philadelphia's local authorities is: (a) Airports Improvement Authority; (b) Housing Authority; (c) Parking Authority; (d) Redevelopment Authority.

3. The Bureau of Weights and Measures is a unit of: (a) Department of Licenses and Inspections; (b) Department of Public Property; (c) Office of the City Commissioners; (d) Procurement Department.

4. Council can only override the Mayor's veto by vote of: (a) an absolute majority of all its members; (b) three-fifths of all its members; (c) two-thirds of a quorum; (d) two-thirds of all its members.

5. The following officer is a member of the city's Administrative Board: (a) City Representative; (b) City Solicitor; (c) Director of Finance; (d) Personnel Director.

four municipal elections between 1947 and 1955 was: (a) 50%; (b) 60%; (c) 70%; (d) 80%.

8. The following department is not under the supervision of the Managing Director: (a) Department of Public Property; (b) Department of Records; (c) Procurement Department; (d) Water Department.

9. The following city officer is appointed by the Mayor from among candidates nominated by a panel: (a) City Solicitor; (b) Director of Finance; (c) Managing Director; (d) Personnel Director.

10. Before a street can be officially placed on the city plan, the street plan must be confirmed by the: (a) Board of View; (b) Board of Review; (c) Board of Surveyors; (d) Art Commission.

11. By the end of 1955 approximately —% of the city's area had been certified by the City Planning Commission for redevelopment: (a) 5%; (b) 12%; (c) 18%; (d) 22%.

12. Medical services in the public schools are administered by the city's Department of Public Health: (a) True; (b) False.

13. The Housing Authority makes payments in lieu of taxes to the city government and the school district: (a) True; (b) False.

14. Contracts for street construction projects are let by the: (a) Law Department; (b) Department of Public Property; (c) Procurement Department; (d) Department of Streets.

15. Council may incur debt in an amount up to —% of the average of the previous ten years' taxable real estate, without assent of the voters: (a) 2%; (b) 3%; (c) 5%; (d) 7%.

16. The principal source of School District revenues is: (a) wage tax; (b) personal property tax; (c) real property tax; (d) general business tax.

Answers Can Be Found in PHILADELPHIA GOVERNMENT—1956

(Or, For Short-cut, See Bottom of Next Page)

Comprehensive View of Local Gov't

"Philadelphia Government—1956" covers not only the city government and the school district but also five special purpose agencies (the Philadelphia Airports Improvement Authority, the Philadelphia Housing Authority, the Philadelphia Parking Authority, the Philadelphia Redevelopment Authority, and the Delaware River Port Authority) and the local courts (the seven Courts of Common Pleas, the Orphans' Court, the Municipal Court, and the 28 Magistrates' Courts).

A volume describing such a complex organization requires the close cooperation of numerous persons. Each portion of the text was reviewed in draft form by one or more public officials whose department, board, or agency was under consideration. In fact, no less than 175 public officers and employees provided the BMR-PEL with comments on parts of the text.

Answers to Quiz: 1 (b); 2 (a); 3 (c); 4 (d); 5 (c); 6 (d); 7 (c); 8 (c); 9 (b); 10 (c); 11 (b); 12 (b); 13 (a); 14 (c); 15 (b); 16 (c).

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ZENS' BUSINESS

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ladelphia May 28, 1956 No. 2,123

MANAGING THE CITY'S GAS WORKS

Company, Gas Commission, and Council Share Responsibility for Utility

THE Philadelphia Gas Works represent one of the city's major investments in utility services. This investment—with a net book cost of $123-million—is operated under a unique system which combines private management with public ownership and control.

Actual day-to-day management is in the hands of a private company which receives a specified management fee for its services. Rate-making and supervision of certain aspects of operations are the functions of a "mixed" commission consisting of one private member and four public members. Determination of over-all policy matters—such as the gas works capacity, capital improvements which require outside financing, and purchase of gas from outside sources—are functions retained by city Council.

History of Gas Works Operations

The present pattern of gas works operations has evolved after many years of experience with various systems. The gas works were first estab-

lished in 1835, and, for many years thereafter, were managed by a board of trustees elected by City Councils.

Then, in 1887, management of the gas works was placed directly in a bureau of the city government. Ten years later, in 1897, the gas works were leased to the United Gas Improvement Company. Later, the arrangement was changed to a management contract, effective in 1928, which has been renegotiated from time to time. The present agreement, signed in 1950, with certain minor subsequent amendments, is for an indefinite period, but may be terminated (after due notice) by either the city or the company on December 31, 1962, or at the expiration of any two-year period thereafter.

Financial Arrangements

Under the operating agreement, it is the responsibility of the Gas Commission to establish rates for gas. This commission consists of one appointee of the gas company and four public members—two Councilmen chosen by Council, one appointee of the Mayor, and the City Controller, ex officio.

This commission is required annually to fix the gas rates at a level which will produce revenues sufficient for operating expenses and debt service costs plus (1) a specified return (or "rental")—now $5,200,000 annually—for the city; and (2) a specified fee—now $800,000 annually—for the company.

If the previous year's rates produce revenues in excess of these requirements and this situation promises to continue, the Gas Commission must lower the rates; conversely, if the rates produce insufficient revenues, the Gas Commission must raise the rates.*

* The Gas Commission is not required to change the rates if the estimated accumulated surplus at the end of the year is less than $1,000,000, or the deficit is less than $250,000.

Two Views on Use of Surplus

Recent estimates indicate that the gas works will close the current fiscal year (ending August 31) with an operating surplus of $4-million—attributable to increased use of gas during the unusually severe winter of 1955-56. Two proposed means of disposing of the anticipated surplus are now under discussion. These are: (1) to reduce the rates charged to users of gas, or (2) to allocate the surplus to a reserve fund to finance renewals and replacements of pipelines and other equipment.

Overseeing Capital Improvements

The Gas Commission also has major responsibilities with respect to capital improvements of the gas works. In the first place, all capital improvements requiring more than $1,000,000 in any one year must be approved by the commission. Secondly, the crediting of sums to the gas works reserve for renewals and replacements must have Gas Commission approval.

If the reserve for renewals and replacements does not provide sufficient funds for the proposed improvements, the Gas Commission formulates recommendations, for Council's approval, with respect to financing these improvements. Council may either furnish the required sums itself, by authorizing bond issues for gas works purposes, or it may authorize the gas company to advance the required capital.

Authorizing Purchase of Gas

The company may not reduce the capacity of the gas works or discontinue operating any of its facilities unless it has the approval of Council.

All purchases of gas (such as natural gas) from outside sources must be approved by both the Gas Commission and city Council.

As a matter of fact, most of the gas supplied to the consumer, although technically termed a "mixed" gas, is based on purchased natural gas. The natural gas is reformed and blended to the proper chemical composition at the two manufacturing plants of the gas works.

Other Gas Commission Functions

Among the other functions and duties of the Gas Commission are the following:

1. Keeping generally conversant with the company's plans and performance in the operation, improvement, extension, and betterment of the gas works.

2. Approving pension and separation allowances for gas works employees.

3. Approving purchases without competitive bids, and approving sale of residuals and by-products without competitive bids, where such purchases or sales are in excess of $2,000.

4. Checking to ensure that the quality of service conforms with the terms of the contract.

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MEETING THE SUBURBAN AREA'S REFUSE DISPOSAL PROBLEMS

IN recent years, the BMR-PEL has advocated—in published reports* and by less formal means—that various suburban communities in the greater Philadelphia area adopt the *sanitary landfill method* of refuse disposal as an immediate, sanitary, and relatively inexpensive solution to their refuse disposal problems. ("Refuse" includes garbage, ashes, and combustible and non-combustible rubbish.)

The mounting urgency of the refuse disposal problem in communities in the suburban counties—Bucks, Chester, Delaware, and Montgomery—has prompted a steady flow of inquiries as to the specifications and the merits of the sanitary landfill method as compared with other available means of disposal.

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* These reports include *The Refuse Problem in Delaware County* (May 1954), *Opportunity Knocks in the Coatesville Area* (July 1954), and *Survey of Refuse Collection and Disposal in Lower Bucks County* (May 1953). CITIZENS' BUSINESS No. 2089S, November 2, 1954, presents a general discussion of area-wide refuse disposal problems and progress.

Methods Used in State

Four different methods of *refuse* disposal are currently used in Pennsylvania communities. These are:

- **Open Dumping—depositing refuse on surface of ground without further treatment.**
- **Composting—converting refuse (garbage, sewage sludge, and some paper) to a usable soil-like substance by bacterial decomposition.**
- **Incineration—burning combustible rubbish and usually garbage to an inert ash of less volume.**
- **Sanitary Landfill—depositing refuse in low area or trench, compacting it, and covering with earth immediately.**

Garbage, a component of refuse, is oftentimes disposed of separately by *feeding to hogs,* by *'digesting' with sewage,* or by *rendering* to obtain grease.

Only Two Satisfactory Methods

Of the refuse disposal methods listed, only two—*incineration* and *sanitary landfill*—are generally satisfactory. *Open dumping,* though widely practiced, was outlawed in 1945 by the state's Department of Public Health; furthermore, this method is unsightly, ill-smelling, and represents a health menace as well as a fire hazard. *Composting* has had little successful experience in this country and leaves the product (compost) and the other refuse to be disposed of.

The three garbage disposal methods mentioned —*hog feeding, digesting with sewage,* and *rendering*—leave their products and other types of refuse to be otherwise disposed of.

Sanitary Landfill Preferable

The sanitary landfill and incineration methods share the following desirable features:

- **Public health and sanitation requirements are met fully.**
- **Little risk of smoke, fires, or odors.**

COMPARISON OF COSTS OF INCINERATION AND SANITARY LANDFILL METHODS
(In Thousands of Dollars)

Population	Total capital outlay*				Annual operating costs*			
	Minimum		Average		Minimum		Average	
	Inc.	S.L.F.	Inc.	S.L.F.	Inc.	S.L.F.	Inc.	S.L.F.
10,000	$ 75	$15	$100	$20	$ 14	$ 6	$ 22	$10
40,000	275	30	375	40	50	17	82	33
100,000	700	60	900	75	110	28	191	67

* Figures shown do not include refuse collection costs.

However, where adequate disposal sites are available within economical travel distance, the sanitary landfill method is generally considered to be preferable to incineration for the following reasons:

- **Completely disposes of all types of refuse.***
- **Single collection of all types of refuse—with no need for sorting before or after collection.**
- **Operation can be started almost immediately.**
- **Smaller capital investment. (See table.)**
- **Lower operational and maintenance costs. (See table.)**
- **Ease with which operation can be expanded, moved, or abandoned.**
- **Submarginal land can be reclaimed for recreational or industrial use.**

Operation of Sanitary Landfill

The character of the disposal site dictates the method of fill operation—*trench type* or *area type*.

Trench Type. Heavy equipment, such as a bulldozer or clamshell, is used to dig a trench usually four to eight feet in depth, about 15 feet in width, and of convenient length. The refuse is deposited in layers, each of which—when compacted—will be about 24 inches deep. Each day's compacted refuse is covered with earth to a minimum compacted depth of 12 inches, and when a trench is completely filled, its final cover of compacted earth must be 24 inches in depth.

* When the incineration method is used, non-combustibles and ash remain to be disposed of.

Area Type. In this type of operation, refuse is deposited in a depressed area, such as swamp land. The compacting and covering operation is similar to that used in the trench fill.

Planning and Operating Fill

The success of a sanitary landfill operation depends largely upon good planning and competent operation. In selecting a disposal area, some of the major factors to be considered are (1) possible contamination of the community's water supply, (2) availability of cover material, (3) timing of future use of site, (4) access roads, and (5) practicability for year-round use.

Once the fill operation gets under way, competent supervision is required to ensure (1) thorough compaction of refuse and soil and (2) daily coverage of refuse with soil. Possible nuisances, such as littering, dust, or odor, demand preventive measures, as do fire or flood dangers. Scavenging must be either prevented or rigidly controlled.

Cooperation Desirable

Whatever method is used, economies are achieved when small communities operate refuse disposal facilities jointly. Recent state legislation encourages such cooperation.

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"ROTTEN BOROUGHS" HERE?

One Fourth of Philadelphia's Wards Are Still Constituted on Basis of 1850 Census

PHILADELPHIA was divided into 24 wards by the Consolidation Act of 1854. There has been no *city-wide* realignment of ward boundaries since that time, although, by piecemeal changes, the city today has 52 wards.

Fourteen Wards Have 1854 Boundaries

The boundaries of 14 of the original 24 wards —established on the basis of the 1850 census— still remain entirely unchanged and those of two others have been altered only slightly, despite population changes in the areas in which they are located. Beginning in 1861, the remaining original eight wards have been split sporadically to form new wards. The most recent change was made in 1942 when the 52d Ward was established.

The table inside indicates the disparities in ward populations occasioned by this long period of "catch-as-catch-can" ward alignment. Thus,

NOTE: This CITIZENS' BUSINESS is based on material in the BMR-PEL'S 365-page textbook-manual, *Philadelphia Government—1956*. Copies of this textbook-manual are available from the BMR-PEL at $2.50 each.

BMR-PEL Library Services

THE LIBRARY maintained by the BMR-PEL is open from 9 A.M. to 5 P.M., Mondays through Fridays. A special collection of books, periodicals, and clippings pertaining to government—with emphasis on local government—is available for reference use by public officials, students, and other interested persons. Inquiries by mail, by telephone (LOcust 4-6250), or in person are welcomed. The Library is located in the BMR-PEL office at 1321 Arch Street.

Philadelphia, in retaining century-old ward boundaries, is perpetuating the objectionable features of the "rotten borough"—a classic evil of inequitable apportionment.*

Attendant Inequities

The extreme variations in ward population, ranging from 1,031 in the 6th Ward to 148,458 in the 35th Ward (1950 population census), invite many inequities. For example, since each ward is entitled to have only one representative on the city committee of each political party, party members are deprived of an equal voice in party affairs. Thus, the political leaders of the 27 least populous wards (comprising only 24.7% of the population) can contrive to dictate the policies of their respective city committees.

Further, wards are combined variously to form the several types of districts from which voters elect legislators—Councilmen, state Representa-

* Despite major population shifts in the British Isles, seats in Parliament were not redistributed for over 200 years. Thus, before reforms were instituted in the 19th century, many sparsely populated—or "rotten"—boroughs were entitled to elect members of Parliament, although some of the large cities were not. Elections in the "rotten" boroughs were usually controlled by one wealthy landowner.

tives, state Senators, and congressional Representatives. Disparate ward populations make it difficult to combine contiguous wards into districts of equal size. This explains, in part, the city's inequitable House and Senate districts.

Remedies Are Available

The state Legislature has the authority to realign the city's ward boundaries, but has not chosen to do so. It is often suggested that existing law be amended so as to compel legislative action in this matter (and also in periodical reapportionment of House and Senate districts) by the threat of suspension of salary payments. (Philadelphia's Home Rule Charter provides that Councilmen failing to redistrict city Councilmanic districts as required "shall not receive any further salaries . . .")

Under the terms of the state Act of June 25, 1937 (P.L. 2080), Philadelphia voters have the power to change ward boundaries. However, since balloting on proposed boundary changes is limited to voters in the affected wards, it is generally believed that over-all ward realignment cannot be

1950 Population of Philadelphia's Wards

Ward	*Pop.*	*Ward*	*Pop.*	*Ward*	*Pop.*	*Ward*	*Pop.*
1	32,493	14	14,175	27	30,070	40	64,556
2	20,352	15	39,887	28	50,775	41	57,648
3	12,268	16	7,681	29	30,333	42	53,651
4	10,054	17	9,635	30	27,208	43	47,384
5	6,982	18	18,697	31	24,208	44	41,552
6	1,031	19	39,715	32	60,860	45	33,198
7	21,741	20	43,844	33	66,928	46	88,206
8	12,108	21	41,409	34	50,695	47	36,694
9	1,658	22	114,197	35	148,458	48	31,800
10	8,272	23	51,839	36	52,786	49	53,593
11	2,954	24	63,391	37	21,604	50	67,311
12	5,965	25	37,061	38	76,516	51	45,301
13	13,306	26	56,517	39	66,666	52	56,372

Total population of city .. 2,071,605

achieved by this means, particularly since voters in the smaller wards would be unlikely to partition for, or approve, consolidation.

A proposed amendment to the 1937 law—House Bill 1453, introduced in the 1955 session of the state Legislature—sought to provide for city-wide elections where proposed boundary changes would affect more than three existing wards. This legislation failed of enactment, but it is anticipated that a similar proposal will be introduced in the 1957 session.

Observe Home Rule Principles

Obviously, if the long-overdue, city-wide realignment of ward boundaries is to be achieved, action by the state Legislature is necessary. Accomplishment of the objective by either of the means described would be highly desirable. However, it would accord well with the principles of *home rule* if the Legislature moved to grant increased power over ward boundary changes to Philadelphia voters.

Vacation Days Arrive

*During the months of July and August, **Citizens' Business** will enjoy its customary vacation. Unless events require publication of special issues, the next issue will be published on September 10, 1956.*

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HELPING JUVENILES IN TROUBLE

Philadelphia's Youth Services Board Seeks To Coordinate Efforts of Many Agencies

THROUGHOUT the U.S., juvenile delinquency has generally been on the rise since World War II, and, with an expanding population, the problem will undoubtedly continue to be of major concern. Many communities, including Philadelphia, have been exploring new approaches to a solution of the problem.

Established Two Years Ago

In Philadelphia, the Mayor in November 1954 created the Youth Services Committee—subsequently renamed the Youth Services Board—by bringing together 105 organizations in a concerted effort to prevent, control, and combat delinquency. The Board, with offices at the Center Building of the Commercial Museum (34th Street below Spruce), has operated in four areas:

- *To coordinate the knowledge and services of public and private agencies which deal with youth problems.*
- *To act as a referral agency for non-arrest cases and for arrest cases which have been adjusted or discharged.*

- *To give the community a true picture of delinquency.*
- *To gain citizen support for its program.*

Organization of the Board

Guiding the Youth Services Board is an executive committee (of which the Mayor is chairman) composed of 34 representatives of public and private agencies.

Heading the administration of the Board's work is a Director who supervises 18 staff employees. An Assistant Director is responsible for a casework program involving the counseling of delinquents. The delinquents are interviewed by a staff consisting of five caseworkers, three case aides, and four police officers. A psychiatrist, a psychologist, and a psychiatric caseworker assist by seeking to single out the mentally disturbed youths. Finally, a research assistant performs research duties, and a Board of Public Education consultant coordinates the numerous participating agencies.

Operating in conjunction with the administrative staff are three committees, each headed by a paid staff member but otherwise composed of volunteers. The *Research Committee* gathers data on delinquency, evaluates the effectiveness of the present program, and suggests new techniques. The *Committee on Programs, Services, and Facilities* coordinates the work of community groups and makes recommendations pertaining to manpower, facilities, and program.

Referral Program

The *Parent-Youth Aid Committee* is now responsible for a referral program which was initiated and operated by the Crime Prevention Association in cooperation with the Juvenile Aid Bureau of the Police Department. The Youth Services Board took over the program on Sep-

How the Board Is Financed

FUNDS ARE provided for the work of the Youth Services Board by the city government and the school district. In 1955, the city initiated the work against delinquency with a $17,500 appropriation; the school district contributed an additional $7,500. With an expansion of activities programmed for 1956, the Board received $40,000—$32,500 from the city, and $7,500 from the school district.

tember 1, although the program will continue to be financed primarily by the Community Chest, through the Association, until January 1, 1957.

The Parent-Youth Aid Committee deals with juveniles who are referred to it by (1) the parents of the juvenile, (2) the Board of Public Education, and (3) the Juvenile Aid Bureau of the Police Department. Referrals from the Juvenile Aid Bureau include adjusted cases from the Youth Study Center and discharged cases from the Juvenile Court.*

Delinquents are aided in adjusting to community life by 31 local area committees—comprised of 25 neighborhood committees (organized geographically on the basis of police districts) composed of resident volunteers, and six committees organized by the St. Vincent DePaul Society. The latter group processes cases involving Catholic juveniles. Where appropriate, the committee members make home visits, counseling with juveniles and their families. The members also attempt to provide guidance in recreation, employment, and religious activities.

Each neighborhood committee is also the basis for police-community relationships. A captain of

* The functions of the Juvenile Court are discussed in CITIZENS' BUSINESS Nos. 2,081 and 2,084.

the local police district, together with a police community-relations officer, sits in on all neighborhood meetings. Committee members inform the police of trouble spots involving juveniles in their area. The police investigate, report their findings to the committee, and take action.

Future Plans

Looking to the future, the Board is planning a training program and experimental projects to determine the best means for combatting delinquency. Anticipated financial assistance from the state Department of Public Instruction will enable the Board to initiate a training program for the more than 100 headquarter's volunteers and for the members of the neighborhood committees.

An intensive, long-term program for preventing and combatting juvenile delinquency is planned for inauguration in the 33rd police district.* Later, when the effectiveness of various methods has been assessed, it is anticipated that the program will be expanded to other areas.

Finally, the Director of the Board is seeking a Ford Foundation grant which would permit the establishment of an after-school work center for training delinquent boys and girls.

* The decision to use the 33rd District (with headquarters at 7th and Carpenter) for the experiment is based on the fact that the area has a heterogeneous population and a juvenile delinquency rate which approximates the average for the city.

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COUNTY FISCAL ADMINISTRATION

Montgomery County's Fiscal Trends and Management Are Reviewed in Report

POPULATION increases in southeastern Pennsylvania's four suburban counties—Bucks, Chester, Delaware, and Montgomery—have resulted in pressure on county governments for increased services, with consequent increases in expenditures. For example, as shown in a report* recently published by the Montgomery County Branch of the BMR-PEL, Montgomery County expenditures increased from $2.8-million in 1950 to $4.0-million in 1955, a rise of 44%.

During the same period, Montgomery County revenues rose from $2.9-million in 1950 to $4.2-million in 1955, an increase of $1.3-million (48%). The principal sources of 1955 income were taxes on personal property ($2.1-million), real estate ($0.8-million), and liquid fuels ($0.5-million).

Financial Management

How does Montgomery County administer its finances? The following discussion relates specif-

* *Comparative County Finances, Montgomery County.*

ically to Montgomery County, but it generally applies to fiscal administration in other Pennsylvania counties,* although there are a number of significant differences. (For example, in Montgomery and other "counties of the third class"—see box opposite—assessments are the responsibility of an appointed board, whereas in most other counties they are the responsibility of the elected county commissioners.)

Montgomery County's financial administration is substantially divided among the following:

1. *Board of County Commissioners.* The three county commissioners, who comprise the board, are elected for four-year terms (as are all elective county officers). They are responsible for preparing, adopting, and amending the annual budget, and for establishing the tax rates for the county and the institution district. The commissioners may make temporary loans in anticipation of tax collections.

2. *Salary Board.* The Salary Board determines the number, type, and compensation of all county positions except those governed specifically by law. The commissioners and the controller constitute the regular membership of the Board. The head of each independent office also sits as a member of the Board whenever positions in his office are under consideration.

3. *Controller.* The controller, an elected official, supervises fiscal administration, subject to the general power of the county commissioners in county finance. Thus, he establishes the accounting system and supervises and audits the collection, receipt, and disbursal of public moneys.

4. *Treasurer.* The treasurer, an elected official, receives all money due the county, accounting for all moneys received and disbursed.

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* Not including Philadelphia, which is a consolidated city-county.

State Has Eight Classes of Counties

PENNSYLVANIA'S 67 counties are divided into eight classes, according to their population:

Class	Population	No. in class
1	Over 1,800,000	1 (Phila.)
2	800,000 to 1,800,000	1 (Allegh.)
3	250,000 to 800,000	6
4	150,000 to 250,000	12
5	95,000 to 150,000	7
6	45,000 to 95,000	16
7	20,000 to 45,000	15
8	under 20,000	9

In southeastern Pennsylvania, Philadelphia is a county of the 1st class; Delaware and Montgomery, 3d class; Chester, 4th class; and Bucks, 5th class.

5. *Board for the Assessment and Revision of Taxes.* The three-member Board for the Assessment and Revision of Taxes—appointed by the county commissioners—supervises the annual assessments of persons and property for the county, the institution district, boroughs, townships, and school districts. It appoints subordinate assessors, establishes assessment rolls, and may revise assessments after hearing appeals.

6. *Tax Collectors.* Township and borough voters elect officials to bill and collect county, institution district, and other local taxes. The collector begins his work upon receipt of the tax roll of all properties and persons against which, or against whom, taxes will be levied.

Budgeting Process

The annual budget is the key to fiscal administration in the county. The county commissioners begin to prepare the budget at their first meeting following the November elections. The controller

Copies of Report Now Available

A LIMITED number of copies of the report on ***Comparative County Finance, Montgomery County*** *are now available at $1.50 each from the BMR-PEL. However, single copies may be obtained free of charge by contributors of the BMR-PEL.*

submits to the commissioners a comparative statement of revenues and expenditures for the current and preceding fiscal years, together with the appropriation requests from county officers. The budget must be adopted by no later than March 31 of the fiscal year (which coincides with the calendar year) for which it was intended.

County budget theory presumes that each county, by balancing revenues against expenditures, will end the fiscal year without any uncommitted funds in the treasury. Thus, expenditures for those months between January 1 and the period in which taxes are received must be met by floating temporary loans.

BMR-PEL Recommendations

The BMR-PEL report on Montgomery County finance recommends either of two solutions to hold down temporary borrowing: (1) adjust the tax calendar or fiscal year so that taxes come in at the beginning of the fiscal year, or (2) carry over planned surpluses from one year to the next. Both of these would require state legislation.

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PRIMER ON SCHOOL SUBSIDIES

Here Is an Explanation of the Numerous State Subsidies to School Districts

THROUGH the years, the Pennsylvania state government has paid an increasingly larger percentage of the total expenditures of the approximately 2,500 school districts. For the biennium 1939–1941, the state met 21% of school district costs, while for 1953–1955 the state's portion ($389 million) equaled 45%. Under existing legislative commitments, the subsidies will continue to increase in both dollar volume and percentage of total educational expenditures.

As noted on the listing inside, the subsidies* generally fall into three categories: (1) *equalization payments*, (2) *incentive payments*, and (3) *emergency payments*.

"Standard Reimbursement Fraction"

To understand the formula used in determining the amount of many of the subsidies payable to school districts, it is essential to understand the concept of "standard reimbursement fraction."

* For a more detailed explanation than is possible in this CITIZENS' BUSINESS, see the School Laws of Pennsylvania (Public School Code of 1949, as amended).

The fraction is intended to reflect the ratio between a district's *normal need* and *ability-to-pay*. As the fraction increases, the subsidy increases.

The standard reimbursement fraction is derived from the following formula:

$$\frac{\textit{Maximum subsidy}—(\textit{market value per teaching unit} \times .004)}{\textit{Maximum subsidy}}$$

"Maximum subsidy" is the maximum number of dollars the state will provide a school district for each teaching unit. This amount is currently $5,100 and is scheduled to increase to $5,500 by 1958–1959, except in the case of school construction subsidies, where the amount has been stabilized at $4,500. "Market value per teaching unit" is the measure of the district's assumed financial ability, computed by dividing the number of the district's teaching units into its market valuation of real estate, as set by the State Tax Equalization Board. "Four mills," or .004, represents the local tax effort expected of each district in support of a minimum educational program.*

Example: School District A with 150 elementary school pupils (5 teaching units) and a $4,500,000 real property valuation, has a reimbursement fraction of .29. School District B, with the same number of elementary pupils, but a $1,500,000 valuation, has a reimbursement fraction of .76. Thus, District A will receive smaller state subsidies than District B.

Equalization Payments

The major equalization payments are for instruction, transportation, school building costs, and tuition.

Instruction subsidies equal the product of the maximum subsidy, times the reimbursement fraction, times the number of teaching units.

Example: School District A with 5 teaching units (150 elementary pupils) and a .29 reimbursement fraction would receive $7,395 (i.e., $5,100 x .29 x 5), while School District B, with the same number of pupils, but with a reimbursement fraction of .76, would get $19,380.

Transportation subsidies are paid to 3d and 4th class districts, consolidated schools, and area technical schools, and for handicapped pupils. Those districts which contract for transportation multiply the contract cost by their reimbursement fraction, to determine their subsidy. Districts

* A "teaching unit" consists of 30 elementary school pupils or 22 high school pupils in "average daily membership."

State Subsidies to School Districts
(Showing Amounts Paid in 1953–1955)

I. Equalization Payments

1. Instruction: to aid districts in meeting their instructional costs ($309,506,000).

2. Pupil Transportation: to help districts in paying the essential costs of moving pupils to school ($24,317,000).

3. Rentals and Debt Service Payments: to assist districts in meeting annual payments for school construction costs ($18,961,000).

4. Tuition: to reimburse districts for part of the cost of sending pupils to other districts for instruction ($14,329,000).

5. School Nurses: to aid districts in paying salaries of school nurses ($4,968,000).

6. Extension Classes: to compensate districts for a portion of the teaching costs required in special educational programs ($2,590,000).

II. Incentive Payments

1. Supplementary Payments to Joint Boards, Merged Districts, and Technical Schools: to stimulate the consolidation of district activities and thereby improve educational services ($15,000,000).

2. Closed Schools: to encourage 3d and 4th class districts to discontinue the use of antiquated buildings ($3,832,000).

3. Vocational Curriculum and Vocational Extension Courses: to stimulate district action in the field of vocational education ($1,626,000).

4. Handicapped Pupils: to promote the establishment of special classes for those with mental and physical deficiencies ($1,409,000). (A small portion of this amount is for equalization payments for "home bound" children.)

5. Travel: to promote the development of teachers and administrators through the interchange of ideas ($209,000).

III. Emergency Payments

1. Financially Handicapped Districts: to provide grants to distressed school districts ($374,000).

which own their own vehicles multiply their cost of operation, plus 10% for depreciation, by the reimbursement fraction.

School building subsidies constitute a percentage* of a district's (1) "rental" to school building authorities, or (2) debt service costs.

Tuition subsidies equal a percentage† of the tuition paid by districts which send pupils to schools in other districts.

* Under State Act 417 (See CITIZENS' BUSINESS No. 2,120), the percentage is determined as follows, so as to favor needier districts: (1) for districts with reimbursement fractions of .50 or over, the percentage equals the square of the fraction; (2) for districts whose reimbursement fractions are less than .50, the fraction is squared and divided in half, and to this is added one fourth of the fraction.

† The percentage equals the product of the sending district's reimbursement fraction multiplied by .85.

Incentive Payments

To encourage the consolidation of school services, the state makes incentive payments to joint boards, union or merged districts, and area technical schools. Member districts of joint school operations are paid $500 per teaching unit, multiplied by their reimbursement fraction, while union or merged districts and area technical schools are paid $800 per teaching unit, times the fraction.

Other incentive payments are computed as follows: (1) $200 per year to 3d and 4th class districts for each school closed since 1911; (2) per-pupil vocational curriculum payments of $20, $35, and $50 for students enrolled in home economics, agricultural, and industrial courses, respectively; (3) 80% of the sums expended for vocational extension courses and for staff travel; (4) annual per-pupil payments equal to the extraordinary portion of the cost of educating mentally and physically handicapped children.

Emergency Payments

If a financially-handicapped or distressed district meets certain requirements and petitions for assistance, the state Department of Public Instruction may make an emergency grant to it.

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ZENS' BUSINESS

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ladelphia October 22, 1956 No. 2,129

THE SUM IS $792.5-MILLION

Query: Is the Time for Caution at Hand?

IN THIS ERA of multi-billion dollar public finance, it is all too easy to overlook the magnitude of local public expenditures. For example, it may come as a surprise to many citizens of Philadelphia that in 1955 the city spent or committed for capital improvements a sum which equalled about one half of the year's net increase in the value of taxable real estate.* (Capital improvement expenditures and commitments† totalled $49.0-million; the increase in value of taxable real property was $99.5-million.)

The City Planning Commission has now proposed a 1957–1962 capital program of $606.0-million, of which $298.2-million would be supplied by local revenues. If this program is adopted and carried out, the city will have spent or committed the sum of $792.5-million of *local* moneys for capital improvements during the 17-year period of January 1, 1946, to December 31, 1962.

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* As used here, the valuation of taxable real estate is that set by the State Tax Equalization Board.

† Exclusive of spending for school purposes.

At least another $40-million will have been required of local property-owners as direct assessments for public improvements, bringing the total to $832.5-million. This sum of $832.5-million

- **Equals 13.9% of the total 1955 market value of real estate.**
- **Will have caused the city's net debt to have risen from $316.3-million at the end of 1945 to $650.0-million in 1965.**
- **Will have caused the city's annual debt service to have risen from $26.2-million in 1945 to $58.5-million in 1965.**

The Planning Commission's proposed 1957–1962 capital program does not differ markedly in its structure and magnitude from the programs projected in recent past years. While the amounts are larger, they are for the same kinds of public improvements that Philadelphia has sought and secured in the 11 years since the close of World War II. However, the program is quite different in terms of the fact that 11 years ago Philadelphia's net debt was $316.3-million, whereas at the end of 1955 the city's net debt equalled $528.8-million. If the 1957–1962 program is adopted and is carried out substantially as adopted, then nine years hence the city's net indebtedness will have risen to at least $650.0-million, an increase of 22.9% ($121.2-million).

Impact on Debt Service Charges

While some persons do not worry about the amount of their indebtedness, most of them do worry about the "carrying charges," which must be paid currently. Philadelphia's carrying charges, known as "debt service," have risen from $26.2-million in 1945 to $36.7-million in 1956 (after reaching a low of $22.5-million in 1947).

Even if the city does not authorize any new

program beyond that already committed, the debt service charges will rise to $44.4-million in 1959, and then drop back to about the present level in 1966. The additional revenues needed to meet the peak debt service, in 1959, would be equivalent to a 12.6% increase in revenues from real estate taxes. Averaging the cumulative 1957–1966 increase over the period, the annual requirement would equal an 8.7% rise in real estate taxes over the 1956 revenue from this source.

If the proposed 1957–1962 program is adopted and executed, and if the past pattern of projected programs continues into the future, then by 1965 the debt service charges will have risen to more than $58.5-million annually. Additional revenues needed to meet the debt service in 1965 would be equivalent to a 35.6% increase in revenues from real estate taxes, as compared with 1956. This assumes average interest on future bond issues at 3¼%. If rates go up, debt service will increase.

"Desirable" or "Necessary"?

There are relatively few, if any, of the 1957–1962 proposed projects which would not merit the tags "desirable" or "necessary."

Similarly, in our retail stores, there are millions of dollars of merchandise to which the tags "desirable" or "necessary" could be applied in the opinion of most Philadelphia families. But most Philadelphia families can afford only a small portion of those items. In like manner, Philadelphians collectively may find it unwise to undertake all of those public improvements upon which the label "desirable" or "necessary" can be aptly affixed.

Of the foregoing program, slightly more than half must be carried out if the city is to avoid creating new "holes in the ground," resulting from non-completion of programs already under

way. But with regard to the remainder it is a public question of utmost importance as to whether the community can finance them without unduly and adversely affecting its economy. Obviously, Philadelphia cannot afford to stagnate. Obviously, also, Philadelphia must weigh carefully the impact of proposed capital improvement programs and decide whether it can afford them.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION required by the Act of Congress of August 24, 1912, as amended by the acts of March 3, 1933, and July 2, 1946 (Title 39, United States Code, Section 233) of CITIZENS' BUSINESS, published semi-monthly from September through June at Philadelphia, Pa., for October 1, 1956.

1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bureau of Municipal Research and Pennsylvania Economy League (Eastern Division), Towne Building, 1321 Arch Street, Phila. 7, Pa.; Editor, Edwin Rothman, Towne Building, 1321 Arch Street, Phila. 7, Pa.; Managing Editor, Emma L. Bowman, Towne Building, 1321 Arch Street, Phila. 7, Pa.; Business Manager, none.

2. The owner is: Bureau of Municipal Research, Towne Building, 1321 Arch Street, Phila. 7, Pa. No capital stock.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

EMMA L. BOWMAN, Managing Editor

Sworn to and subscribed before me this 28th day of September, 1956. Richard W. Damerau

[SEAL] (My Commission expires January 7, 1959)

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A COMPREHENSIVE PLAN NEEDED

Action Is Required Now To Assure Early Completion of Essential Planning Devices

THE process of economic renewal in Philadelphia is clearly a matter of first priority. Without it, the opportunity for gainful employment (with all the important social and personal values that appertain thereto) will not only fail to grow, but will continue to decline. Viewed even on the highly restricted basis of municipal income, the mounting demands for such income clearly indicate the high priority which municipal government itself must play in maintaining a satisfactory economic base if it is to have the taxes to pay for the services it hopes to render.

Budget Requests Have Bearing

This economic base cannot be regenerated without carefully planned and concerted private and municipal action. The 1957 municipal operating budget touches on this problem at several important points. Two of these are the appropriations requested for the City Planning Commission ($762,075) and for the Zoning Advisory Commission ($104,347) to enable both agencies to

continue—at an accelerated pace—projects which are already well under way.

Of the appropriation for the City Planning Commission, $345,808 relates to the development of a "comprehensive plan" for the city. The second, its necessary adjunct, is the revision of Philadelphia's outmoded 1933 Zoning Ordinance and Map. Both are responsibilities of the Planning Commission; however, in performing the latter task, the Planning Commission is aided by the studies conducted by the Zoning Advisory Commission.

The Comprehensive Plan

The comprehensive plan is an essential planning tool, one which helps assure advantageous development of vacant land areas and the rational reconstruction of "worn-out" areas.

In Section 4-600, the Home Rule Charter directs that the Planning Commission shall prepare, adopt, and from time to time modify a comprehensive plan of the city showing its present and planned physical development:

> *The comprehensive plan shall be known as the Physical Development Plan of the City and shall show the general location, character and extent of streets, parks, recreation facilities, sites for public buildings and structures, pierhead and bulkhead lines, City and privately owned utility facilities, waterways, water conduits and such other features as will provide for the improvement of the City and its future growth and development and afford adequate facilities for the housing, transportation, distribution, health and welfare of its population.*

Development and Schedule. Comprehensive planning entails a broad-scale research program.

Industrial Promotion

Closely related to the activities of the City Planning Commission and the Zoning Advisory Commission in 1957 will be those of the city's Department of Commerce in the field of industrial promotion.

For the 1956–1957 biennium, the Commonwealth has indicated that it will make available to the city on a matching basis a sum up to $210,000 for activities in this field. The city's Department of Commerce is currently requesting 1957 appropriations sufficient to provide a budget of $315,000 for industrial promotion, including state matching moneys.

Municipal officials and private citizens and organizations interested in this activity, including the BMR-PEL, are giving intensive review to new promotion procedures likely to prove most effective for the Philadelphia area.

comprehensive changes in the Zoning Ordinance. In addition, it will conduct intensive field surveys necessary to bring up to date existing land use information which will then serve as a basis for proceeding with needed revisions of the zoning maps.

From the point of view of economic renewal, a thoroughgoing zoning revision, designed specifically to make adequate provision for new industrial and commercial facilities and for ex-

Concomitant with the preparation of the Physical Development Plan, the Zoning Advisory Commission (advisory to the Planning Commission and Council) is formulating revisions to Philadelphia's outmoded Zoning Ordinance of 1933.* Although the Zoning Ordinance and maps have been amended many times since 1933, the continual need to grant thousands of *variances* each year is but one indication of the inadequacy of existing zoning legislation to meet present-day needs.

In the past year, the Zoning Advisory Commission's work has consisted of:

- **Correlating earlier studies of the zoning problem.**
- **Consulting with city agencies concerned in the zoning function.**
- **Holding public hearings at which business, civic, and professional organizations expressed their views.**
- **Drafting amendments to the text of the Zoning Ordinance to correct ambiguous wording, to raise certain minimum standards, and to up-date commercial and industrial use regulations in harmony with modern technology and business practices.**
- **Undertaking a series of studies basic to comprehensive zoning revision. For example, substantial progress has already been made on studies of (1) new types of zones to encourage modern trends in building development; (2) bulk and height restrictions to encourage better design and relate buildings more realistically to their surroundings; and (3) administrative procedures for making zoning map changes and granting variances according to the best practices appropriate to Philadelphia.**

In 1957, the Zoning Advisory Commission will apply the results of these basic studies in drafting

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* See CITIZENS' BUSINESS No. 2,111 for a discussion of the Zoning Advisory Commission and zoning problems.

It requires an inventory of the city, including information on existing land uses and the factors determining them. Also required are the measurement and projection of needs, the latter based on economic and population forecasts.

Studies of housing, industry, commerce, public and quasi-public buildings, and transportation must be kept up to date on a city-wide basis and, where necessary, on a regional basis. (When possible, the Planning Commission makes use of studies prepared by other governmental agencies—city, state, and federal—and by private organizations.)

Ever since the Commission's creation in 1942, its staff has been developing studies pointed toward the formulation of such a comprehensive plan for the city.

In 1956, the Planning Commission intensified its research activities as they relate to the comprehensive plan, and intends to devote major effort to this phase during 1957. Actual plan preparation will begin in 1958, with transmission to Council scheduled for 1959.

The Physical Development Plan for Philadelphia will propose an over-all scheme for land utilization, for industrial, commercial, and residential development, and for public and private facilities for transportation, utilities, and community services of all types, particularly municipally-provided services.

Revision of Zoning Ordinance

A comprehensive plan is an advisory document, and takes substance through the various regulations and other public actions which are taken in conformity with it. One important type of regulation necessary to the execution of the comprehensive plan is the zoning ordinance.

pansion of existing facilities, is of primary importance.

Comprehensive Planning and Zoning Urgent

The adoption of a Physical Development Plan and zoning to implement this plan is an essential early step if Philadelphia's economic "comeback" is to achieve the strength necessary to offset creeping residential deterioration and factors leading to industrial and commercial stagnation. Any postponement of the financing of these vital projects imperils the entire complex of economic renewal. Therefore, a proper concern for the city's economic future points to the conclusion that the program of the Planning Commission and the Zoning Advisory Commission deserves full and immediate support.

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ladelphia November 26, 1956 No. 2,131

THE ORDINANCE-MAKING PROCESS

This Is the Procedure Followed in Enacting Philadelphia Ordinances

ORDINANCES, the legislative enactments of the municipal government, deal with a wealth of subjects affecting the safety, health, morals, convenience, and economic well-being of those who work or live in Philadelphia. The procedure for ordinance-making is stipulated in the city's chief instrument of government, the Home Rule Charter. (Resolutions are adopted by Council from time to time, but these are not legislative acts in the legal sense of the term.)

Origin of Legislation

Suggestions as to the substance of any given piece of legislation may come from private citizens, from the Mayor or other municipal executives, or from the Council itself. Whatever its source, the proposed law—technically, a bill—is usually drafted by the city's Law Department. When a bill is prepared by any other agency (zoning ordinances, for example, are drafted by the City Planning Commission), the Law Department reviews it for legality and form.

Introduction and Consideration

Bills are introduced in Council—each bill sponsored by one or more councilmen—at its regular weekly session and, after being read, are referred to the appropriate councilmanic committee.* Each bill must then be scheduled for a public hearing at which private citizens and public officials may express their support of, or opposition to, the measure. As a rule, notices of public hearings on proposed ordinances must be advertised in the city's three daily newspapers of largest paid circulation *at least* five days before the date of such hearings. Hearings on zoning legislation are the exception in that they must be advertised at least 21 days in advance.

After the public hearing, the councilmanic committee considering the bill decides whether to report the bill favorably or unfavorably. ("Reporting out" is a regular item on the agenda of Council's weekly sessions.) After a bill is reported out of committee, it must be printed as reported, distributed to members of Council, advertised, and made available to the public. Bills later amended by Council must, prior to final action, be printed again as amended.

The charter requires that bills "shall lie over for at least five days before the final vote is taken." Council's own rules of procedure provide for a longer interlude between "reporting out" and the final vote on a bill. However, this period may be reduced to five days if Council chooses to waive its own rules.

Passage of a bill requires the favorable vote of a *majority of all* the members of the Council,

* Council has 14 standing committees; these are the Committees on (1) Commerce, Navigation and Airport Facilities, (2) Labor and Civil Service, (3) Licenses and Inspections, (4) Municipal Development and Zoning, (5) Public Health, (6) Public Property and Works, (7) Public Safety, (8) Public Welfare, (9) Recreation, (10) Streets and Services, (11) Transportation and Public Utilities, (12) Finance, (13) Appropriations, and (14) Law and Government.

Fiscal Measures

Of major importance to the city are those ordinances which set its fiscal policy. These are (1) the operating budget ordinance, (2) such revenue measures as are required to enable Council to balance the operating budget, and (3) the capital budget and capital program ordinances. All of the foregoing are enacted annually and are required by the charter to be adopted not later than December 1.

except that a bill authorizing the incurrence of indebtedness requires a *two-thirds majority of all* members.

The Mayor's Role

Before any ordinance can take effect, it must be submitted to the Mayor. Three courses of action (or, as the case may be, inaction) are open to the Mayor. He has the choice of:

1. **Signing the ordinance, whereupon it becomes law.**
2. **Returning it to Council unsigned within 10 days, indicating his reasons for disapproval. If Council wishes to override the Mayor's veto, it must pass the disapproved ordinance by a *two-thirds* majority of all its members within seven days after the ordinance is returned.**
3. **Holding the ordinance beyond the 10-day limit without signing it, in which case it becomes effective automatically.**

The Philadelphia Code

Since the adoption of *The Philadelphia Code*,* all measures of "general" application have been

* Formerly, the *Code of General Ordinances of the City of Philadelphia.*

ordained as amendments or additions thereto. This code—prepared by the Law Department in accordance with a requirement of the Home Rule Charter—was adopted by Council at the end of 1955. It is a comprehensive revision and codification of "general" city ordinances, and does not include "special" ordinances (such as those granting franchises or placing streets on the city plan) or ordinances "of temporary effect" (e.g., budget and revenue ordinances). These two types of measures will continue to be ordained separately.

Submitted to Planning Commission

Before enacting any bill which authorizes the acquisition or sale of city-owned real estate, or which affects the city's Physical Development Plan, the capital program, zoning ordinances, street plans, or land subdivision plans, Council is required by the charter to apply to the City Planning Commission, through the Mayor, for its recommendations. If the commission does not make recommendations within a specified period (45 days on some bills and 30 days on others), its approval is presumed. Council is not in any way bound by these recommendations, whether favorable or unfavorable to the measures.

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FRINGE BENEFITS — I

Philadelphia's City Employees Are Eligible for Many Types of Fringe Benefits

FRINGE BENEFITS granted employees of the City of Philadelphia are of two general types: (1) payments to employees for "time not worked," and (2) payments which protect employees against financial hazards arising from disability, illness, old-age, and death.

Time-Not-Worked Payments

Time-not-worked payments (at full salary) to which city employees are entitled include those for vacations, holidays, and special-purpose leaves.

Vacation. An employee with six months' service is entitled to a one-week vacation; with one to nine years' service, two weeks' vacation annually; with 10 or more years' service, three weeks' vacation annually.

The information presented here is derived from a forthcoming BMR-PEL report, *A Comparison of Fringe Benefits in City Government and Private Employment in Philadelphia.* Future issues of CITIZENS' BUSINESS in this series will summarize the findings of the study, which was financed by a grant from the Thomas Skelton Harrison Foundation.

Holidays. The city government recognizes 13 holidays a year.

Reserve corps duty. Two weeks' leave is granted to employees serving with the National Guard, the Armed Forces Reserve, or the Public Health Reserve.

Jury service. Leave is granted for the full period of the employee's jury service, providing the employee waives the jury fee.

"Bereavement leave." In case of death in the immediate family, the employee is granted three days' leave.

Protection Against Financial Hazards

The fringe benefits which provide the city government's employees and/or their dependents with a measure of protection against financial hazards include occupational and non-occupational disability plans, welfare plans, and pensions. It will be noted that most of the benefit plans contain one set of provisions applicable to the city's "general" (non-uniformed) employees and another, to its uniformed forces.*

Temporary Non-Occupational Disability. During periods of temporary non-occupational disability, city employees are protected financially by means of *sick leave plans.* General employees are permitted 20 days' sick leave annually, while the uniformed forces are permitted 30 days' annually. Unused sick leave may be accumulated to a maximum of 180 days by general employees and 120 days by uniformed employees.

Occupational Disability or Death. The benefits paid to city employees or to their dependents for service-incurred disability or death are man-

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* Technically, the uniformed and investigatory personnel employed by the Police Department, the Fire Department, and the Fairmount Park Commission.

dated variously by state law and by the city's ordinances and civil service regulations.

The state *workmen's compensation act* provides benefits for all municipal employees injured or killed in the course of employment, regardless of fault. Benefits vary with both the disability and the worker's salary.

A typical maximum benefit: For permanent total disability—$37.50 weekly for the duration of the disability.

The city's *civil service regulations* provide benefits which are more generous than those payable under the terms of the workmen's compensation act.

Examples: Under Regulation No. 31, a general employee suffering a service-incurred disability may be continued at full salary for a period up to two years.* Regulation No. 32 provides service-incurred disability benefits for members of the uniformed forces; for *total* disability, whether temporary or permanent, full salary may be paid for as long as three years.* In the case of permanent partial disability, the uniformed employee may choose either full pay for one year or placement in a "secondary" position.

Service-incurred disability and death benefits are also provided by the city's *pension plans.* For members of the Municipal, Fire, or Police Pension Funds, both types of benefits are variously computed. For example, a disabled policeman is entitled to monthly benefits equal to 50% of final pay, exclusive of workmen's compensation benefits.

The following illustrations apply to employees who become members of the Municipal Division-New, the Fire Division-New, or the Police Division-New of the Municipal Retirement System, which becomes effective January 1, 1957:

Illustration: Any employee—general or uniformed—who is totally and permanently incapacitated by service-incurred injury shall receive, regardless of age or length

* Inclusive of workmen's compensation benefits.

of service, a refund of his total contributions to the pension system and an annual benefit equal to 70% of his final annual rate of pay (inclusive of workmen's compensation benefits).

Illustration: The widow of any employee killed in line of duty is entitled to a lump-sum payment of dues, plus an annual benefit equal to 60% of the employee's final annual salary (inclusive of workmen's compensation benefits).

An additional occupational death benefit is provided by an *ordinance* of December 29, 1954:

"The sum of $10,000 shall be paid to the surviving widow or dependent children or dependent parents of every fireman, policeman, or park policeman who is killed in the course of responding to an alarm, fighting a fire, apprehending a criminal, or in the course of performing an heroic deed which involves a special hazard or risk."

Welfare Plans. In 1957, the city will pay up to $125 on behalf of each general employee and up to $55 on behalf of each uniformed employee to obtain life insurance coverage and health-medical insurance and services.

Pensions. In addition to occupational disability benefits, the city's pension plans provide a variety of other benefits, such as service retirement and ordinary disability benefits. Inasmuch as pensions are a major fringe benefit, a description of the pensions available under the Municipal Retirement System will be published shortly in a supplementary issue of CITIZENS' BUSINESS.

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PAY-AS-YOU-GO EFFECTS SAVINGS

Use of Current Revenues for 'Down Payments' on Capital Projects Is Sound Fiscal Policy

THE SOUNDNESS of the policy of financing Philadelphia's capital improvements on at least a partial *pay-as-you-go* basis is demonstrated vividly in the prevailing "tight-money" situation. Municipal borrowing—like other types of borrowing—has become more costly, as evidenced by the fact that an average annual effective interest rate of approximately 3.45% obtains on Philadelphia municipal bonds sold in October 1956, a 45.4% increase in interest rates in two years.

Thus, the $2.4 million earmarked for "capital budget financing" in the 1957 operating budgets* assumes a new significance. If this amount were to be borrowed—through the issuance of 25-year serial bonds at 3.5% interest—rather than appropriated from current revenues, the cost to the taxpayers for the same amount of improvements

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* The general fund appropriation for capital budget financing totals $3.4 million; however, Council intends that $2.0 million of this amount shall be reserved to build surplus, thus reducing the *effective* "down payment" from the general fund to $1.4 million. Down payments for water and sewer purposes total $1.0 million.

would be not only the $2.4 million in principal, but also $1.1 million (45.8%) more in interest charges.

Pay-As-You-Go, 1953–1957

The city introduced the pay-as-you-go feature of capital financing as a matter of policy in 1953. Since then, it has been providing down payments annually of at least 5% on each tax-supported project and $1.0 million for water and sewer projects. It paid $2.7 million in pay-as-you-go in 1953; $3.2 million in 1954; $2.6 million in 1955; and $2.3 million in 1956. As noted earlier, the 1957 pay-as-you-go appropriation is $2.4 million, bringing the down payments for 1953–1957 inclusive to a total of $13.2 million.

This is a relatively small sum, representing only 1.4% of total appropriations in the city's three main operating funds during the period and approximately 4.5% of the cost of all capital improvements undertaken in the years 1953–1956 and projected for 1957 (exclusive of Gas Works projects). However, by appropriating this $13.2 million from current revenues instead of borrowing a like amount, the city will have effected savings of $1.1 million in *interest charges* alone during the five years ending December 31, 1957.*

Again, if this amount had been borrowed, the debt service appropriations in the *1957 operating budgets* would have had to be increased by an estimated $885,000 ($528,000 for principal payments and $357,000 for interest charges).

Down Payment Schedule

When the 1957–1962 capital program was submitted to Council this fall, it carried with it the

* Computed on the basis of 25-year serial bonds issued each year in the amount of the down payment, the bonds to bear the average effective interest rate obtaining in the year of issuance.

A Highly Competitive Situation

ALTHOUGH bonds issued recently by the city bear a high interest rate—approximately 3.5%—Philadelphia's situation is, in this respect, less difficult than that of various other municipalities. In some cities, no bids are forthcoming on bond offerings and, in others, interest rates are so high as to prohibit acceptance of bids.

This is not to suggest that Philadelphia is in any apparent danger of either a "no-bid" or a "rejected-bid" market, but experience elsewhere does point up the advantage of financing improvements out of current revenues when competition for investment capital is so intense as to force interest rates upward.

City Planning Commission's proposal for an accelerated down payment schedule. Under this schedule, the pay-as-you-go appropriation in the general fund would have risen from $1.5 million in 1957 (6% of the cost of tax-supported capital projects to be undertaken in 1957) to $2.8 million (11%) in 1962—an annual increase of 1%.

Under the schedule adopted by Council, the down payment appropriations in the general fund will rise 1% annually—from 6% in 1957 to 10% in 1961—and will remain at 10% through 1962. The dollar amounts to be appropriated will be somewhat smaller than those recommended by the Planning Commission by virtue of the fact that the 1957–1962 capital program has been reduced to $579.8 million (a $26.2 million cut) and the 1957 capital budget, to $56.0 million (a $5.3 million cut).

Further Progress

The city government's current revenues are also used to pay the costs of a number of recurring items of expenditure (e.g., repairs to city

buildings and streets) which were considered, until 1952, to be capital in nature and were financed through long-term borrowing. Thus, the redefinition of these items as operating rather than capital expenditures* offers the city a further means of realizing savings in interest costs.

Two Views on Capital Financing

In the view of some students of municipal finance, all capital improvements should be financed out of current revenues. Others hold that all public improvements should be financed by long-term borrowing. Philadelphia's present policy embodies elements of both principles, with the emphasis obviously on the latter—sometimes called the "pay-as-you-use" method—inasmuch as 95% of the city's tax-supported improvements are financed by long-term borrowing. However, if the schedule of down payments noted earlier is maintained—an admittedly difficult task in the present era of rising costs and increased demands for services—the percentage of improvements financed by long-term borrowing will decline appreciably by 1961 and, consequently, substantial savings in interest costs will be achieved in the coming years.

* Section 2-300(2), Philadelphia Home Rule Charter.

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PHILADELPHIA'S MINOR JUDICIARY

THE PROSPECT of electing in 1957 at least 13 magistrates—nearly one half of the 28-member Board of Magistrates— should focus citizen attention on Philadelphia's minor judiciary next year. But if history is a guide, *it will not!* Most voters will vote blindly—not knowing anything about the candidates, their competence, their performance records, or even what the function of the magistrate is.

This issue of CITIZENS' BUSINESS describes the function, selection, tenure, and salaries of the city's magistracy.

Establishment of Courts

Philadelphia is the only jurisdiction in the state having magistrates; in other Pennsylvania cities, similar functions are performed by aldermen, and in boroughs and townships, by justices of the peace.

The state constitution provides:

"In Philadelphia there shall be established, for each thirty thousand inhabitants, one court, not of record, of police and civil causes, with jurisdiction not exceeding one hundred dollars; such courts shall be held by magistrates . . . "

To implement this mandate to establish the courts and define the powers and duties of the magistrates, the state Legislature passed basic acts in 1875, 1927, and 1937 and has amended these from time to time, the last major amendments having been enacted in 1949.

The act of 1875 established 24 magistrates' courts in the city and the number was increased to 28 by an act of 1887. Since that date, the Legislature has not seen fit to increase the number of courts. City Council, empowered by the Legislature, last determined the boundaries of the magisterial districts in 1890.

Selection and Tenure

Magistrates are elected at large for six-year terms at municipal elections.* By providing that voters may vote for only two thirds of the number to be elected, the state constitution assures minority party representation on the

This is the first of a series of articles based on a study financed by the Thomas Skelton Harrison Foundation.

* Municipal elections are those held in November of odd-numbered years.

SUPPLEMENT

This is a special issue of our regular semi-monthly publication, CITIZENS' BUSINESS. Such special issues will appear from time to time.

Board of Magistrates. The drafters of the Constitution of 1873 hoped that providing for minority representation would secure a non-political judiciary in which all the people would have confidence. However, in the more than 80 years since the constitution became effective, experience has amply demonstrated that a judiciary of bipartisan composition is a far cry from a non-partisan judiciary. Nowadays, students of government generally agree that whereas the assurance of minority representation by means of limited voting may be appropriate for political deliberative bodies—such as Council—it has no place in the election of judges, whose decisions should be made without regard for political considerations.

Many magistrates—14 of those on the present board—are initially *appointed* to office. When a vacancy occurs in the magistracy, the Governor may fill it, the appointee holding office until the January following the next municipal election.*

Qualifications and Salary

Despite the judicial character of the office of magistrate, candidates are not required to be "learned in the law" or, indeed, to have any specialized training or experience. In view of the lack of any requirement of legal training, it is not surprising that very few magistrates have been trained in the law.

Magistrates must be at least 35 years old, city residents for at least five years, and citizens at least 10 years.

The salary of magistrates is $9,900 a year, and that of the chief magistrate is $12,400. In other Philadelphia courts, the judges—all of whom are required to be lawyers—receive higher salaries: municipal court judges, $18,000; and common pleas and orphans' court judges, $22,500.

Political and Other Activity

Once in office, magistrates are forbidden by the act of 1937 to hold office in any political party or party committee: they may not be committeemen, ward leaders, members of the party city committee, or the like. Otherwise, however, the law places no restrictions on their participation in politics.

A magistrate is required to "devote his entire time and attention to the duties of his office" and may not "personally engage in any other business or profession, or hold any other public office."

* Or until the January following the succeeding municipal election if the vacancy occurs less than two months prior to a municipal election.

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FRINGE BENEFITS—II

City Employees' Benefits Compared With Those of Salaried Private Employees

A COMPARISON of local fringe benefit policies indicates that the city government's policies, collectively considered, are more liberal than those generally prevailing in private employment. This conclusion is based on studies of the fringe benefit packages available to two groups of employees: (1) "general" employees of the City of Philadelphia and (2) hourly and salaried workers in many private firms, large and small. (The city's *uniformed* employees receive benefits which are more valuable, on the whole, than those of the city's general employees; however, the benefits of the uniformed group are not included in this comparison.)

Applies to Average Employees

The foregoing conclusion is not intended to suggest that each and every one of the city's benefit policies is more liberal than its counterpart in private employment, nor does it mean

This is the second in a series of articles based on a forthcoming BMR-PEL report, *A Comparison of Fringe Benefits in City Government and Private Employment in Philadelphia*. The study was financed by a grant from the Thomas Skelton Harrison Foundation.

that the city offers greater benefits than do the most liberal of the private companies. However, it does indicate that in the area of fringe benefits, the general employee of the city is more favored than the average private employee.

Variations in Policy

It is a widespread practice among private employers to offer more liberal benefits to salaried (office or white-collar) workers than to hourly (production or manual) workers. Benefits vary also with the size of the firm, the policies of the larger firms usually encompassing more numerous and more generous benefits. *The benefit policies described below for privately employed persons are those which commonly pertain to average, salaried employees of large (100 or more employees) private firms.* (The benefits available to *hourly* workers in large private firms will be discussed in a future issue.)

Time-Not-Worked Payments

The fringe benefit policies of large local firms commonly include "time-not-worked" payments* (at full pay, unless specified otherwise) to salaried employees, as follows:

- *Vacations*—two weeks' vacation annually after one year of service; three weeks, after 15 years' service.
- *Holidays*—seven or eight holidays annually.
- *Reserve duty*—two weeks' leave with either full pay or the difference between service pay and regular salary.
- *Jury service*—leave granted for full period of jury service, with employee receiving either full pay or difference between jury fee and regular salary.

Additionally, many firms permit salaried employees unspecified amounts of leave for various

* See CITIZENS' BUSINESS No. 2,132 for a description of city employees' fringe benefits.

What Are "Fringe Benefits"?

Although "fringe benefits" has become a commonplace term in personnel administration in recent years, there is no generally accepted definition of the term. In fact, there are wide differences of opinion as to which employer policies and expenditures may appropriately be designated as fringe benefits. For purposes of its study, the BMR-PEL selected those items which are likely to be included in most enumerations of fringe benefits, classifying them as follows:

- **Payments for time not worked during holidays, vacations, and special leaves of absence.**
- **Payments made to, or in behalf of, the employee to provide protection against financial hazards arising from illness, disability, death, old-age, and unemployment.**
- **Supplementary payments which add directly to the incomes of most or all employees (e.g., year-end bonuses).**
- **Employer services or policies which add indirectly, in substantial amount, to the incomes of most or all employees (e.g., free lunches or discounts on purchases).**

retiring from the city service, he may accept other employment without endangering his pension benefits. The retired private employee, on the other hand, risks forfeiture of his Social Security allowance if his earned income exceeds the permissible maximum.

The private employee is covered by unemployment compensation insurance, a benefit which is not available to the city employee. In this con-

nection, it is important to note that this disadvantage (to the city employee) is counterbalanced to some extent by the fact that municipal employment is marked by greater stability than is employment in many private industries.

Other Benefits

The average, salaried, private employee of a large firm has a 50-50 chance of receiving certain additional fringe benefits which are not available to those in the city service. Such benefits include bonuses, employee discounts, and membership in profit-sharing and thrift plans.

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FRINGE BENEFITS—III

A Comparison of Benefits of Hourly Private Employees With Those of City Employees

IN PRIVATE employment, fringe benefit policies vary principally with (1) the pay status *(hourly* or *salaried)* of the worker, and (2) the size of the firm. Therefore, the city government's fringe benefit policies cannot be compared meaningfully with those of private employment *as a whole.* Instead, comparisons need be made segmentally. For this reason, the second article in this series (published in CITIZENS' BUSINESS No. 2,134) outlined only the most common benefits provided average, *salaried* employees in large local firms, comparing them with the benefits granted "general" employees of the City of Philadelphia.

Hourly Workers' Benefits

This issue summarizes the most common fringe benefits available to average, *hourly* (production or manual) workers employed by local firms with 100 or more employees. Such bene-

This is the third in a series of articles based on a forthcoming BMR-PEL report, *A Comparison of Fringe Benefits in City Government and Private Employment in Philadelphia.* The study was financed by a grant from the Thomas Skelton Harrison Foundation.

fits are compared with those of the city's general employees. (The city government gives the same fringe benefits to all general employees, whether office workers or manual workers.) *

Time-Not-Worked Payments

Vacations and holidays are the only paid leaves-of-absence generally granted average, hourly employees in large local firms. The most common policies are:

- Vacations—one week's vacation after one year of service; two weeks, after three years' service; and three weeks, after 15 years' service.
- Holidays—seven holidays annually.

Comparison. Throughout the range of time-not-worked payments, the city's general employee is favored over the average, hourly, private employee:

- **The city's vacation policy is considerably more generous, granting two weeks' vacation after one year's service, and three weeks, after 10 years' service.**

- *The city employee has six more holidays annually.*

- **The city employee is permitted paid leaves-of-absence which are not available to the average, hourly, private employee; these include leaves granted for such reasons as bereavement, jury service, and reserve duty.**

Temporary Non-Occupational Disability

Among the group of "protective" benefits commonly provided the employees of large firms,

* The benefits granted the *uniformed* employees of the city have been excluded from the basis of comparison; on the whole, the uniformed employees' benefits are more liberal than those of the city's "general" employees.

• The many elements of pension plans make accurate comparisons difficult. City government employees appointed prior to January 1, 1957, have an important advantage in that they become eligible for service retirement allowances at age 60, compared to age 65 for private employees. On the basis of 30 years' service, the city employee's monthly pension allowance after age 65 is somewhat larger than that received by the unmarried private employee (the latter's benefits are derived from Social Security and from his company-sponsored pension plan); the service pension paid to a city employee is about the same as that received by a married private employee with a spouse aged 65.

• Although the private employee, unlike the city employee, is covered by unemployment compensation insurance, this disadvantage to the city employee is counterbalanced to some extent by the fact that municipal employment is marked by much greater stability than is employment in many private industries.

Other Benefits

The average employee (whether salaried or hourly) of the large private firm has a 50-50 chance of receiving certain additional fringe benefits which are not available to the city employee. Such benefits include year-end bonuses, employee discounts, and membership in profit-sharing and thrift plans.

A Word of Caution

In arriving at an enumeration of the most common fringe benefits provided the average employee of the large firm, a considerable amount of generalization—and even, perhaps,

Pension Study Now Available

The provisions of Philadelphia's "new" pension system for employees hired on or after January 1, 1957 (and for employees who choose to transfer from one of the "old" systems) are summarized in the BMR-PEL's recent report entitled *Comparison of Pension Provisions for Municipal Employees in 10 Cities of Over 750,000 Population.* A limited number of copies of the report are available without charge from the BMR-PEL.

by state or federal law and apply equally to the vast majority of workers, notwithstanding "pay status.") Thus, the comparisons between the city's benefits and the *salaried*, private employee's benefits apply also to the *hourly*, private employee's benefits. Briefly stated, these comparisons indicate:

• **Occupational disability benefits provided the city's general employees are greater; however, occupational death benefits are better for private employees, inasmuch as their dependent survivors may be eligible for allowances derived from federal Social Security.**

• *Both city and private employees receive welfare benefits. In 1957, the coverage (insurance, health, and welfare plans) provided by the city for its general employees will cost $125 per employee. The data now available do not permit an estimate as to the cost of the coverage provided by private employers. Thus, no comparison can be made as to their value to the two groups of employees.*

only one—the temporary non-occupational disability benefit—is markedly different in its application to average, hourly employees:

- The average, hourly, private employee is covered by a "part-pay" plan rather than a sick leave plan (providing full pay). The "part-pay" plan provides a part of the worker's regular compensation for a period not exceeding 26 weeks. (For an estimated 41% of the private employees covered by part-pay plans, the maximum duration of benefits is 13 weeks; for another 43% of this group, the maximum duration is 26 weeks; and for the remaining 16%, the maximums vary.)* If the employee's disability is caused by ordinary illness, eligibility for benefits does not start until the eighth day of disability; if the disability is occasioned by an accident, eligibility for benefit payments begins immediately.

Comparison. The formal sick leave plan covering employees of the city government ordinarily provides a greater measure of protection than the "part-pay" plans afford average, hourly, private employees. The city employee "earns" four weeks of fully-paid sick leave a year, and he may accumulate the unused portion to a maximum of 36 weeks.

Other Protective Benefits

Concerning the remainder of the benefit policies in the "protective" group,† there appear to be no significant differences in the benefits most commonly available to average, *hourly*, private employees and to average, *salaried*, private employees. (This circumstance arises chiefly from the fact that certain benefit items are mandated

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* Based on a 1953 survey.

† These are the benefits which protect employees and/or their dependents against the financial hazards arising from illness, disability, death, involuntary unemployment, and old-age.

oversimplification—is unavoidable, largely because of the wide variations in benefit policies from firm to firm and from industry to industry. On the basis of the several surveys from which the conclusions as to the prevailing pattern of benefit policies were drawn, it may fairly be said that the benefits described as "most common" are those most representative of current practice. However, it must be recognized that the *most representative* policy is not necessarily *majority* policy.

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FINANCING PHILA.'S SCHOOLS

Description of the Revenue System Which Supports Philadelphia's Public Schools

THE COST of providing public education in Philadelphia has increased substantially in recent years. New and expanded educational programs and facilities, higher salaries and prices, and increasing enrollments (since 1950) have been—and continue to be—the major factors forcing expenditures upward. In 1957, expenditures[1] for school purposes are expected to outdistance those of any previous year, and it is estimated that school revenues will do likewise. The school district's 1957 operating budget totals $84.1 million, of which $82.1 million (97.6%) will be provided from current revenues, and the remainder, from surplus.

Total Revenues, 1912–1957

As may be noted in the following table, the school district's total revenues[2] have risen apace in recent years. For example, the 1957 revenue

1 Exclusive of loan funds expended for capital purposes.

2 Cash basis, as distinguished from an accrual basis. Receipts classified as refunds are excluded from revenues (except for 1956 and 1957), but receipts from sales of real estate, and receipts of premiums and accrued interest on original bond issues, are included.

estimate of $82.1 million represents a 25% increase over the $65.9 million received in 1952. (It is interesting to note that in the same period the city's revenues will have risen 49%, from $150.2 million in 1952 to an estimated $224.3 million in 1957.)[1]

1912	$ 8,967,771	1952	$65,881,403
1920	14,843,155	1953	69,902,514
1930	35,302,087	1954	71,310,879
1940	32,676,769	1955	76,226,633
1950	53,565,263	1956	79,897,961*
1951	58,011,316	1957	82,106,980*

* Estimated at November 15, 1956.

1957 Revenue Estimates

Anticipated revenues for 1957, as set forth in the budget adopted by the school district, are as follows:

Source	Amount	% of total
Real estate tax	$49,743,494	60.5%
State appropriations	21,628,487	26.3
General business tax	7,175,000	8.8
Personal property tax	2,970,000	3.7
Miscellaneous*	590,000	0.7
Total	$82,106,980	100.0%

* Includes refunds.

The Realty Tax and State Aid, 1912–1957

Until very recently, school operations have relied for their support almost entirely on the local tax on real property. However, dependence on the real estate levy has been reduced gradually, so that only 60.5% of this year's revenues will come from this source. Although the *percentage* of total school revenues yielded by the real property tax has declined appreciably in recent years, the *dollar amounts* realized have continued to rise with the assessed valuation of

1 It is presently estimated that the combined 1957 revenues of the *city* and the *school district* will total $306.4 million; the school district's share amounts to 26.8% of the total. Stated another way, school revenues are expected to equal 36.6% of the anticipated 1957 revenues of the city government.

taxable real property. (For 1957, the school district set the tax rate on real property at $1.32½ per $100 of assessed valuation—the statutory limit for this levy.)

As the following table indicates, state appropriations—the second largest source of school revenues—have increased both in amount and as a percentage of total revenues:

	Realty tax receipts		State appropriations	
Year	Amount	% of total	Amount	% of total
1912	$ 7,056,598	78.7%	$ 963,433	10.7%
1920	13,596,576	91.6	1,116,395	7.5
1930	31,654,689	89.7	2,653,066	7.5
1940	29,764,284	91.1	2,757,663	8.4
1950	37,555,028	70.1	7,477,378	14.0
1951	40,530,351	75.0	7,985,360†	13.8
1952	43,162,288	65.5	12,881,319	19.6
1953	46,633,923	66.7	13,590,054	19.4
1954	47,593,840	66.7	14,176,056	19.9
1955	48,193,906	63.3	17,657,572	23.2
1956	49,100,000*	61.5	19,963,961*	25.0
1957	49,743,494*	60.5	21,628,487*	26.3

* Estimated at November 15, 1956.
† $3,980,802 actually received in 1952.

Personal Property Tax, 1948–1957

The 1947 State Legislature provided the school district with a tax levy of 4 mills on personal property (stocks, bonds, etc.). The schools have derived the following amounts from this source since the tax became effective in 1948:

1948	$2,607,823	1953	$2,692,506
1949	2,474,008	1954	2,518,835
1950	2,434,728	1955	2,956,523
1951	2,585,062	1956	3,100,000*
1952	2,647,316	1957	2,970,000*

* Estimated at November 15, 1956.

General Business Tax, 1950–1957

In 1949, the State Legislature, replacing a mercantile tax levy (effective 1948–1949), provided the school district with a general business tax, effective in 1950. The yields from this 1-mill

tax (on sales, commissions, etc.) have been as follows:

1950	$5,646,735	1954	$6,687,581
1951	6,416,028	1955	7,119,489
1952	6,914,631	1956	7,125,000*
1953	6,693,591	1957	7,175,000*

* Estimated at November 15, 1956.

Miscellaneous Revenues

The miscellaneous revenues of the school district, comprising less than 1% of annual income, are derived from tuition fees, forfeited deposits, interest, rents, etc.

Staff Change

William H. Ludlow, a senior BMR-PEL staff member for the past three years, has resigned to become Director of Planning for the Philadelphia Redevelopment Authority. Experienced in city planning and administration, Mr. Ludlow has rendered valuable service on BMR-PEL studies involving planning, zoning, housing regulation, transportation policies, urban renewal, and related matters. In his new position, he will continue to serve the citizens of Philadelphia in his field of special competence.

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FRINGE BENEFITS—IV

A Comparison of the Monetary Values of Fringe Benefit Packages of 10 Employers

THE EARLIER articles in this series enumerated the fringe benefits available to all employees of the City of Philadelphia and compared "general" employees' benefits* with those of average, private employees in large local firms. Although certain conclusions were drawn from these comparisons—conclusions to the effect that the city government's fringe benefit policies are more liberal in many respects than those of private employers—no attempt was made to assess the relative *values* of city and private fringe benefit packages.

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Results of "Pilot Study"

This issue presents the results of a "pilot study" of the monetary value of the fringe benefits provided by 10 employers—nine private

* In this issue, as in previous ones, the benefits of the city's "general" employees are compared with those of private employees; the benefits granted the city's *uniformed* employees are excluded from the basis of comparison.

This is the fourth in a series of articles based on a forthcoming BMR-PEL report, *A Comparison of Fringe Benefits in City Government and Private Employment in Philadelphia*. The study was financed by a grant from the Thomas Skelton Harrison Foundation.

firms in Philadelphia and the city government. Among the nine firms were four manufacturing enterprises and five non-manufacturing enterprises, each with 1,000 or more employees.

To establish a basis for comparison, determinations were made as to the monetary value of the benefits which each of the 10 employers would have provided (as of June, 1956) for a hypothetical employee with the following stated characteristics: male, aged 40, married, paid at the rate of $4,200 annually, and employed with the same firm (or with the city) for five years.

In determining the annual monetary value of the benefits accruing to each of the hypothetical employees, the following assumptions and methods were used:

- *Time-not-worked payments and supplementary benefits.* Monetary value was determined on the basis of expenditure data obtained from the employers granting the benefits.

- *Temporary non-occupational disability benefits.* It was assumed that the hypothetical employee was absent from work for five days annually because of illness. The value of the employee's coverage (under either a sick leave plan or a "part-pay" plan) is the amount paid to him for those five days of illness.

- *Occupational disability benefits.* Since the employees of the 10 employers in the sample work under differing degrees of hazard, it was considered advisable to exclude occupational disability benefits from the comparison.

- *Pension plans.* The actuarial cost of providing pension coverage for the hypothetical employee was determined (expressed as a percentage of payroll). The annual monetary value to the employee equals:

  actuarial cost (%) *times* the employee's annual salary, *less* the employee's dues.

- *Social Security.* The monetary value of Social Security was computed on the same basis as that of other pension plans—level annual cost for entry age 40, *less* employee contributions. This produces a value of 7% of annual pay.

- *Group insurance and uninsured death benefits.* (Life,

hospitalization, medical, and surgical coverage are included in the group insurance item.) The value was determined by a consulting actuary on the basis of level annual insurance premium costs.

• *Unemployment compensation insurance.* Value is estimated at 1.5% of the applicable maximum wage.

A Case Study

On the basis of the foregoing assumptions and methods, a case study was developed which compares the values of the fringe benefit packages provided the hypothetical employee by each of the 10 employers in the sample. In the following table, the *average* monetary value of the benefits provided by the nine private firms is compared with those provided by the city government:

Benefit	Annual dollar value Average— 9 firms	City
Time-not-worked payments:		
Vacations	$ 161	$ 161
Holidays	133	209
Total	*$ 294*	*$ 370*
Protective benefits:		
Sick pay[1]	52	80
Welfare plans[2]	46	37
Pensions[3]	504	693
Unemployment compensation	47	—
Total	*$ 649*	*$ 810*
Supplements[4]	111[5]	—
TOTAL	$1,054	$1,180

The total annual values of the private firms' fringe benefit packages range from $736 to $1,642, with the average at $1,054. (The median value of the benefits provided by the nine private

1 Includes sick leave pay and temporary non-occupational disability insurance payments.
2 Includes hospitalization, medical, and surgical insurance.
3 Includes uninsured death benefits, life insurance, Social Security, and other pension plans.
4 Includes bonuses, thrift plans, discounts on purchases, and free lunches.
5 The *median* value of supplementary benefits provided by the nine firms is $25.

firms is $914.) The city government's benefit package, valued at $1,180, ranks third among the ten employers and is 12% higher than the average (and 29% higher than the median).*

Reviewing the value of the protective benefits (sick pay, pensions, etc.), it is found that the city government's total of $810 is exceeded by only one of the nine firms; the city's total is 25% above the average.

Other Case Studies

The BMR-PEL report presents a number of other case studies in which fringe benefit values are computed under varying assumptions as to length of employee's service, number of workdays lost through illness, and value of Social Security. They indicate that the value of the fringe benefit package provided—to the hypothetical employee—by the city government is 12% to 34% greater than that provided by the *average* of the nine private firms in the sample, depending upon the assumptions used. Also, under each set of assumptions, the monetary value of the city's fringe benefit package is greater than those of seven of the nine firms.

* The calculations were based on the assumption that the city employee had not obtained permanent Social Security coverage from employment in private industry prior to entering the city's service. On the premise of previous Social Security coverage, the relative value of the city employee's fringe benefit package would have been increased considerably.

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CITIZENS' BUSINESS

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Philadelphia | March 4, 1957 | No. 2,137S

A DESCRIPTION OF PHILADELPHIA'S MUNICIPAL RETIREMENT SYSTEM

PHILADELPHIA'S Municipal Retirement System, which became effective on January 1, 1957, embodies a comprehensive pension and retirement system covering all officers and employees paid out of the city treasury. The most significant effects of the ordinance creating the System may be summarized as follows:

- *Establishes a new pension plan for new employees.*
- *Requires all employees to pay a fair share of pension costs.*
- *Gradually eliminates semi-private administration of policemen's and firemen's pension benefits.*
- *Place city's pension finances on a sounder basis.*
- *Codifies provisions of the three "old" pension systems.*
- *Requires periodic actuarial valuations of the System.*

The organization, administration, and financing of the System, as well as the various benefits available under its provisions, are described below.

Organization

As provided by the ordinance of December 3, 1956, the System consists of the following three divisions:

Municipal Division—for "general" (or "non-uniformed") employees.

Fire Division—for firemen.

Police Division—for police and park guards.

Each of the foregoing divisions contains a "subdivision-old" and a "subdivision-new." The Municipal Division-Old includes those employees of the city who were members of the Municipal Pension Fund on the effective date of the pension ordinance. Similiarly, membership in the Fire Division-Old and in the Police Division-Old is limited to those who were members of the Firemen's Pension Fund and the Police Pension Fund Association, respectively, as of January 1, 1957.

The Municipal Division-New, the Police Division-New, and the Fire Division-New extend coverage to those enter-

SUPPLEMENT

This is a special issue of our regular semi-monthly publication, CITIZENS' BUSINESS. Such special issues will appear from time to time.

ing the city's employ on or after January 1, 1957, and also to those members of the "old" divisions who elect to transfer their membership.

Administration of System

Over-all responsibility for the management of the Municipal Retirement System is vested in the Board of Pensions and Retirement, a nine-member body established by the Home Rule Charter.

Among the Board's specific duties are the administration of benefits for members of the Municipal Division-New, Municipal Division-Old, the Police Division-New, and the Fire Division-New; designation of an actuarial consultant; appointment of a medical board; preparation of annual financial statements; and maintenance of records necessary for periodic actuarial valuations. The Police Pension Fund Association and the Firemen's Pension Fund administer the Police Division-Old and the Fire Division-Old, respectively, subject to supervision by the Board.

Benefits—"New" Divisions

Upon becoming eligible for membership in a "new" division of the System, the employee selects the service retirement plan which he prefers. General employees may choose Municipal Coverage Plan 65 or Municipal Coverage Plan 60 (permitting normal retirement at age 65 or 60, respectively); uniformed employees have a choice of Police-Fire Coverage Plan 60 or Police-Fire Coverage Plan 55 (permitting normal retirement at age 60 or 55, respectively.)*

Service retirement allowance. Table I shows the *formulas* for computing service retirement allowances for members of the "new" divisions. The formulas are geared to produce allowances equal to one half of base pay* for the following amounts of service:

Municipal Coverage Plan 65	35 years
Municipal Coverage Plan 60	32½ years
Police-Fire Coverage Plan 60	30 years
Police-Fire Coverage Plan 55	27½ years

If the employee's period of service is shorter or longer than that required to produce the "half-pay" pension, his allowance is decreased or increased proportionately, as indicated in the following illustration:

> *Illustration:* The employee is covered by Municipal Coverage Plan 65; his base pay is $4,800 annually; and he retires at age 65 after 40 years of service. His annual pension amounts to $2,746 (the product of $4,800 x 1.43% x 40).

It should be noted that an employee may choose to receive a *reduced* service allowance during his retirement so that his survivor will be entitled to receive benefits after his death. The amount of the benefits thus payable to an employee and his survivor will depend on such factors as the age and sex of the beneficiary and on the specific "option" elected by the employee (e.g., "option No. 3," whereby the survivor will receive an amount equal to one half of the employee's reduced pension).

Deferred allowance. After 10 years' service, a member of any new division who is honorably separated from the city service, and who leaves his dues ("contributions") in the System's fund, becomes eligible for a "deferred" allowance (based on the service retirement allowance formula) payable when he reaches retirement age.

Commuted allowance. After 20 years of service, general employees may retire at age 55 with a reduced benefit rate, the reduction being 0.6% of the normal

* An employee may later elect to switch from an earlier-age plan to a later-age plan, but not vice versa, and receive a refund of his past "excess" dues.

* See tables for definitions of "base pay."

After serving at least 10 years, fire and police employees totally disabled by non-service-connected causes are eligible for pensions equal to 2½% of base pay *times* years of service (to a maximum of 20 years).

Service-connected disability allowance. Service-connected disability allowances for members of the Municipal Division-Old have the same service requirements, and are computed on the same bases, as ordinary disability allowances.

Police and fire employees disabled by service-connected injuries are eligible for pension regardless of length of service (or age). The pension equals 50% (exclusive of workmen's compensation benefits) of final rate of pay.

*Death benefits.** A surviving spouse, age 55, of a *deceased active member* (who was eligible for a pension but had not retired) of the Municipal Division-Old receives an annual benefit equal to 50% of the service retirement allowance; the benefit is the same whether the member's death resulted from a service-connected or a non-service-connected cause. If the member dies prior to attaining eligibility for retirement, the lump-sum of his dues (without interest) is payable to his survivors. The surviving spouse, age 55, of a *deceased pensioner* receives a benefit equal to 50% of the allowance formerly paid to the pensioner.

In the case of a policeman or fireman killed in line of duty, a monthly allowance of 50% of base pay, plus service increments, is payable to his widow, dependent children, or dependent parents. When the death of a fireman or policeman results from a non-service-connected cause, the lump-sum of dues (without interest) is paid to the survivors. The survivors of *deceased police and fire pensioners* receive a lump-sum equal to the difference, if any, between the allowances already paid and total dues.

* Pensions to widows or widowers cease upon remarriage.

Gradual Exit of Semi-Private Funds

One of the major features of the city's comprehensive pension ordinance is the provision for gradual elimination of the semi-private administration of policemen's and firemen's pension benefits.

The city's 1885 charter required that "there shall be created and established by ordinance a pension fund . . . [for the] members of the fire and police force." However, no action was taken by the city government to comply with this requirement.

Subsequently, in January 1891, the Police Pension Fund and the Firemen's Pension Fund were privately and separately established as nonprofit corporations to provide pension coverage for the uniformed members of the city's forces. In 1895, the city in effect extended official recognition to these two Funds by adopting the practice of making annual appropriations to them. Since that date, these Funds have annually received state tax money and/or city tax money.

The 1956 comprehensive ordinance permits the two Funds to administer benefits for those already on their pension rolls and for police and fire employees who were engaged prior to January 1, 1957. However, all police and fire employees engaged on or after that date will be members of divisions administered solely by the city government.

The ordinance states that the financial obligations of the two Funds (as well as those of the other divisions) are "declared to be obligations of the City of Philadelphia." It also spells out the controls to be exercised by the city government over the Funds. For example, Section 111.4 specifies that the Funds' charters and by-laws "may be amended from time to time, consistent with the provisions of this ordinance, Provided, That such amendments shall not become effective until Council duly adopts them by ordinance."

Financing the System

The funds necessary to finance the benefits provided by the Municipal Re-

tion benefits) equal to 60% of final salary.*

Benefits—"Old" Divisions

The benefits available to all members of the "old" divisions include (1) service retirement allowances, (2) disability benefits, and (3) death benefits. General employees are also permitted "deferred allowances."

Service retirement allowance. The pension formulas (see Table II) are designed to produce a service retirement allowance equal to one half of base pay for 20 years of service, beginning at age 50 for police and fire employees, at age 60 for general employees. (It should be noted that firemen have the option of retiring at age 45 with a smaller benefit.) An additional allowance (a pension increment) is available to employees serving more than 20 years.

Deferred allowance. A member of the Municipal Division-Old who leaves the city's employ before attaining age 60 and after having served at least 15 years is permitted to continue contributing to the pension fund; at age 60, a service retirement allowance is payable.

Ordinary disability allowance. Disabled members of the "old" divisions must meet the "service requirements" noted below in order to qualify for ordinary disability allowances; this benefit is granted regardless of the employee's age. General employees' disability allowances equal 50% of base pay, plus increments for service beyond 20 years.

* Widows' pensions cease upon remarriage.

TABLE II

SERVICE RETIREMENT ALLOWANCES FOR MEMBERS OF OLD DIVISIONS

Division	*Eligibility*	*Formula for computing amount*
Municipal Division-Old	Age 60, 15 yrs. service[1]	2½% x base pay[2] x yrs. service (up to 20 yrs), *plus* increment of 1¼% x base pay x yrs. service over 20[3] (max. increment—$1,200)
Police Division-Old	Age 50, 20 yrs. service	50% of base pay, plus service increment of 1¼% x base pay x yrs. service over 20 (max. increment—$1,200)
Fire Division-Old	Age 45, 20 yrs. service	(1) Age 45 to 49: $1,500 annually, *plus* increment of $30 x yrs. service over 20 (max. increment—$600) (2) Age 50 and over: same as for members of Police Division-Old[4]

1 Allowances which are payable for 15 to 19 years of service, age 60, are known as "lesser pensions."

2 The term "base pay" means the average annual salary received during the following: the highest-salaried five years (not exceeding $4,800 per year)—Municipal Division-Old; the highest-salaried five years—Police Division-Old and Fire Division-Old.

3 Minimum annual retirement allowances for members of the Municipal Division-Old: 15 to 20 years' service, $720; 20 or more years' service, $900.

4 The Fire Division-Old pays the basic service retirement allowance ($1,500 annually, plus increments of $30 *times* years of service over 20 years); supplementary benefits—the difference between (1) and (2) of the table—are paid by the Municipal Division-Old.

TABLE I

SERVICE RETIREMENT ALLOWANCES FOR MEMBERS OF NEW DIVISIONS

Coverage Plan	*Eligibility*	*Formula*
Municipal Coverage Plan 65	Age 65, any service	1.43% x base pay* x years of service
Municipal Coverage Plan 60	Age 60, any service	1.54% x base pay x years of service
Police-Fire Coverage Plan 60	Age 60, any service	1.67% x base pay x years of service
Police-Fire Coverage Plan 55	Age 55, any service	1.82% x base pay x years of service

* "Base pay" is defined as the average pay received during the highest-salaried five consecutive years during the 10 years preceding retirement.

allowance multiplied by the number of months that the employee is younger than the minimum retirement age of his coverage plan; police and fire employees may retire at age 50 with a similarly reduced benefit rate.

Ordinary disability allowance. All employees are eligible for non-service-connected disability benefits after 10 years of service. The formula used in computing such allowances is:

"base pay" *times* 1% *times* years of service

(The *minimum* allowance equals 25% of base pay.) It is further provided that police and fire employees disabled by non-service-connected causes after reaching age 50, and having served at least 20 years, become eligible for disability pensions computed on the normal *service retirement allowance formula.*

Service-connected disability allowance. Any employee—general or uniformed—who is totally and permanently disabled by service-incurred injury receives, regardless of age or length of service, a refund of his total dues (without interest) and an annual allowance (inclusive of workmen's compensation benefits†) equal to 70% of his final annual rate of pay.

Ordinary death benefits. If an employee dies from a non-service-connected cause before reaching retirement age, his survivors receive a refund of dues (without interest) plus a lump-sum benefit; the latter may equal as much as a full year's pay (*less* the amount of group insurance benefits provided by the city). However, if the deceased employee had reached retirement age (but had not retired), his beneficiary has the option of receiving (1) refund of dues, plus lump-sum benefit, or (2) a monthly allowance, based on a reduced service retirement allowance.

Benefits are paid to survivors of *deceased pensioners* in accordance with the option previously chosen by the pensioner.

Service-connected death benefits. Regardless of the employee's age or length of service, benefits are payable to the dependent survivors of an employee who dies from a service-connected cause. For example, an employee's widow is entitled to a lump-sum payment of dues (without interest), plus an annual benefit (inclusive of workmen's compensa-

† In other words, the benefit payable by the Retirement System *plus* the benefit payable under workmen's compensation law will together equal 70% of final pay.

tirement System (technically described as a "joint-contributory" system) are now derived primarily from three sources: (1) dues ("contributions") from employee members; (2) city appropriations; and (3) state subsidies. (Interest earnings will constitute a fourth major source when, as provided by the ordinance, the assets of the System are substantially increased.)

Employees' Dues. The employees' contribution rates vary with the coverage plan. The following table indicates the contribution rates established for members of the "new" divisions:

Coverage Plan	*Dues*
Municipal Coverage Plan 65	5% of pay
Municipal Coverage Plan 60	8% of pay
Police-Fire Coverage Plan 60	6% of pay
Police-Fire Coverage Plan 55	9% of pay

For members of the three "old" divisions, dues have been increased by two percentage points. The *new rates*, shown below, went into effect January 1, 1957:

Division	*Dues*
Municipal Division-Old	4½% of first $2,400 of annual pay, plus 6% of next $2,400 of annual pay.
Fire Division-Old	5½% of pay.
Police Division-Old	5½% of pay, plus $1.00 per month.

The City's Share. Under the terms of the ordinance creating the Retirement System, the city government is required to follow a "systematic financing program" so that by 1980—and each year thereafter—the System's assets shall equal at least the lesser of:

- $50,000,000, or
- An amount equal to the benefits and refund payments made by the System during the five preceding years.

Building up such a reserve fund will enable the city to change its method of pension finance — shifting gradually from an almost entirely "cash disbursement" basis (i.e., relying primarily on current receipts to meet benefit payments) to a sounder basis.

State Subsidies. State funds dedicated to policemen's and firemen's pension benefits represent the city's share of the 2% state tax on the premiums of foreign (out-of-state) fire and casualty insurance companies, respectively. In recent years, state appropriations to Philadelphia for firemen's pensions have totaled about $0.6 million annually, and for policemen's pensions, about $1.0 million annually. For the future, no significant change in the level of appropriations is anticipated.

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APR 4 1957

A MONTGOMERY COUNTY 'FIRST'

Three School Districts Unite, Becoming First 'Union District' in County

AT THE November 1956 election, the voters of Lower Frederick Township, Perkiomen Township, and Schwenksville Borough decided to convert their *joint* school system—Schwenksville Joint Consolidated School system—to a *union* school district. Thus, the three school districts which established Montgomery County's first jointure 31 years ago—and have since operated the joint school system with extraordinary harmony—will comprise the county's first union district.* (For distinctions between *jointure* and *union*, see box inside.)

Advantages of Union District

Insofar as improvement in the quality of educational program is concerned, a complete jointure—such as that obtaining in the Schwenksville Joint Consolidated School system—can achieve approximately the same results as are attainable in a union district. However, other major advantages do derive from conversion from a jointure

* Becomes effective July 1, 1957.

to a union district. In the Schwenksville Union District, these are:

• *Simplified administration. A single school board—to be composed of the 15 members of the present joint board—will be responsible for administration of the union district's school system; under the jointure, four separate school boards function—one for each of the three participating districts, plus the joint board.*

During the next four years, the size of the union school board will be reduced gradually from 15 to five members, the latter being the maximum number permissible in a "school district of the 4th class." In 1961, by which time the terms of all of the present members will have expired, five school directors will be elected from the district at large.

• Fewer salaried school officials. The union school board will have one secretary and one treasurer. Under the jointure, each of the four school boards has its own secretary and treasurer, a total of eight salaried officials.

• *Reduced record-keeping. Only one set of financial records and school board reports need be maintained, in contrast with the four sets now required.*

• Uniformity of taxation. The union school board will set a uniform rate, effective throughout the union district, for the levy of the real property tax, which is an important source of school revenues.* Uniformity in the rate of taxation for school purposes—coupled with a real property re-assessment program, which is now nearing completion—will assure a fairer distribution of the tax burden than exists under

* Real property taxes are levied also by the county and by each of the three municipalities in the union district.

"Unions" and "Jointures"

THE UNION and the jointure are two devices for increasing the area of the administrative school unit. A jointure is established by agreement among the school boards of the participating districts, each of which retains its political and fiscal independence; construction and operation of joint schools and apportionment of school costs among the districts are determined by contract.

Creation of a union district requires the approval of a majority of the voters in each of the school districts affected; existing school districts are abolished, and the new district operates under a single school board which administers all public schools in the area.

the jointure. In other words, throughout the union district, property owners whose realty holdings carry identical assessed valuations will pay the same amount of taxes. This has not been so in the past for two reasons: (1) assessed valuations varied considerably, and (2) the component school districts of a jointure retain their separate identities, and the school boards individually set the tax rates for their respective districts. The following table shows the 1956 real estate tax rates (per $100 of assessed valuation) for the three school districts in the Schwenksville jointure:

Lower Frederick Township	$4.10
Perkiomen Township	2.60
Schwenksville Borough	3.70

• *Increased state appropriations. To encourage the formation of union districts, the state makes larger "incentive payments" to union school dis-*

tricts than to jointures. A union district receives an annual amount equal to $800 per "teaching unit" multiplied by its "standard reimbursement fraction"; the member districts in a jointure receive $500 per teaching unit, times the fraction.† On this basis, the Schwenksville Union District, will qualify for approximately $6,000 more—during the 1957–1958 school year—in state appropriations than the three districts now receive under the jointure arrangement.*

Comparatively Few Union Districts

Comparatively few union school districts have been formed in the Southeastern Pennsylvania area or in the state as a whole.

As a consequence, Pennsylvania is noticeably out of step with the national trend toward reduction in the number of school districts. On a nation-wide basis, the period 1942 to 1954 (the latest year for which comparative data are available) saw a 45.1% reduction in the number of independent school districts (from 108,579 to 59,631). In this state, the net decrease in the same period was 0.6% (from 2,506 to 2,490).

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* For information on this and other state subsidies, see CITIZENS' BUSINESS No. 2,128 and *The Reorganization of School Districts in Montgomery County* (May 1953).

† A "teaching unit" is defined as 30 elementary or 22 high school pupils in average daily attendance.

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WHITHER 'HOME RULE'?

State Legislature Is Faced With Decisions Affecting Future of Home Rule Powers

Many Philadelphians are aware that several bills now pending before the State Legislature will, if enacted, add considerably to the city government's cost-of-living expenses in 1958 and thereafter. Of especial importance are House Bill 557, which would establish a 40-hour work-week for Philadelphia police, park guards, and firemen, and House Bill 683, which would set the minimum annual salary for these employees at $5,500 after three years' service.

Price Tag: $8.5 Million

Passage of the bills, both of which would become effective January 1, 1958, would mandate an estimated $8.5 million* increase in Philadelphia's 1958 operating budget and even larger amounts in each subsequent year.

Reduction of the work-week from 44 hours to 40 hours for policemen and park guards, and from 48 hours to 40 hours for firemen, would necessitate the employment of approximately

* Exclusive of about $1.2 million additional in the annual currently accruing liability for pension benefits.

1,100 additional personnel, and would thus bring the total authorized strength of the three uniformed forces to an estimated 10,200 positions.* For 1958, the cost of such an expansion is estimated at $4.8 million, assuming that the necessary personnel could be recruited and trained at a rate which would permit full installation of the 40-hour week at January 1 next. The $4.8 million estimate is based on 1958 payments to, or in behalf of, the 1,100 additional employees, as follows:

Salaries	$4,642,000
Uniform allowances	115,000
Welfare benefits	63,000
TOTAL	$4,820,000

The companion bill (HB 683) would cost Philadelphia taxpayers approximately $3.7 million during 1958. Under its provisions, each policeman, park guard, and fireman who will have completed at least three years of service with the city as of January 1, 1958, would receive a minimum annual salary of $5,500. On this basis, a majority of the uniformed personnel who meet the service requirements would receive pay increases ranging from $570 to $1,200, effective January 1, 1958.

Home Rule at Stake

However costly the foregoing items of legislation threaten to be from a dollars-and-cents standpoint, opposition to their passage is not rooted in the economy motive alone. A major—and, perhaps, overriding—incentive to defeat these bills arises from the fact that they would undermine Philadelphia's home rule powers.

From an even broader viewpoint, it may be held that these bills and similar ones constitute

* Exclusive of school crossing guards.

not only an invasion of this city's home rule powers but, potentially, of the home rule powers of every Pennsylvania city which may be granted the right of self-government by the Legislature in the future. At present, "cities of the 3d class"—as well as Philadelphia—have reason to be especially concerned at this turn of legislative events. The State Legislature is now considering a bill (HB 229) which would authorize 3d class cities to adopt home rule charters. Also undergoing legislative review are:

- House Bill 656 which, among other things, sets the maximum work-week at 40 hours for policemen in "any county, city, borough, town, or township which has a regular police force consisting of five or more full time police . . . "
- House Bill 670 sets the maximum hours of work for firemen in 3d class cities at 50 hours weekly for day service, 70 hours weekly for night service, and 56 hours weekly if day and night service are equalized.

Thus, if the Legislature were to enact all three of these bills (HB 229, 656, and 670), it could fairly be said that home rule was being granted to 3d class cities "with one hand and taken away with the other."*

A Time for Decision

This is the appropriate moment for state legislators—who have been heard to complain bitterly in the past that too much of their attention was devoted to "strictly Philadelphia" affairs—to decide whether determinations as to rates of pay and hours of work of municipal employees are properly functions of the State Legislature or of city government (in 1st and 3d class cities). Actually, the Legislature's disposition of the various bills discussed here carries more significance than appearances would at first indicate.

* At present, there are 47 cities of the 3d class in the state.

This session's actions will, to some extent, determine whether home rule is to flourish in Philadelphia and in other cities in the state, or, conversely, if minutely-detailed statutory prescriptions for local government will be the order of the day.

In recent years, Pennsylvania legislators have looked with favor on expansion of home rule, especially for Philadelphia. For this reason, hope is expressed in many quarters that the present Legislature will reject House Bills 557, 683, 656, and 670 as unnecessary diminutions of home rule powers.

Correction to Citizens' Business No. 2,137S

The following sentence regarding disability allowances payable to general employees by the Municipal Division-Old was erroneously omitted from the beginning of page 5 of CITIZENS' BUSINESS No. 2,137S:

In granting such allowances, a distinction is made between "total disability" (the employee is unable to perform the duties of his position) and "total incapacity" (the employee is unable to perform any work); at least 20 years' service is required for a disability pension, and 15 years' service, for an incapacity pension.

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TAX RATES AND ZONING LAWS

Tredyffrin Township Encourages Commercial Development, Thus Spreading Tax Burden

The impact which a community's zoning regulations may have on its tax rates is demonstrated in the report on *Estimated Expenditures and Revenues of Tredyffrin Township and School District, 1960 and 1965*, recently issued by the Chester County Branch of the BMR-PEL.* A major conclusion of the study is that the creation and subsequent development of a Professional District—or "P" Zone—in the township will cause the 1965 real property tax rate (for municipal and school purposes) to be moderately lower (by 3 mills) than it would be without the "P" Zone, although the difference would not be as large as might have been expected.

Why Difference Not Larger

The reasons the difference will be smaller than one would, at first blush, expect are primarily (1) that state subsidies per teaching unit are reduced when the rise in property value proportionately exceeds the rise in number of pupils,

* A limited number of copies of the report are available at $1.00 each from the BMR-PEL.

and (2) that it is anticipated that housing development in Tredyffrin will continue at a fairly high level, thus diluting the impact of the tax receipts from the "P" Zone.

What significance would the 3-mill differential in the tax rate have for the individual homeowner? Assuming that the "P" Zone develops in accordance with present expectations, it is estimated that, in 1965, a Tredyffrin Township resident owning a home assessed at $7,500 will pay real property taxes totaling about $337.50. However, without the "P" Zone, the same homeowner would pay about $360—or 7% more—in realty taxes in 1965.*

Background of the Problem

Tredyffrin Township in Chester County has been, and is, facing the "growing pains" attendant on expansion. In the past several years, many new homes have been built in the community; recent estimates indicate a 60% increase in dwelling units since 1950. Commercial and industrial growth has proceeded at a slower pace. Here, as elsewhere, the community's growth is reflected in the increased cost of providing schools and municipal services (e.g., police protection and street maintenance).

Continued development—given added impetus by the opening of the Schuylkill Expressway—poses grave financial problems for the township inasmuch as governmental costs already threaten to outstrip revenues unless tax rates are increased substantially.

Forward-looking township officials, conceding that a largely residential community provides an inadequate tax base, decided to encourage commercial development in the area since—it is

* Includes four real property taxes levied to provide revenues for schools, municipal operations, fire hydrants, and county functions.

Definition of "Professional District"

Zoning regulations are somewhat different for the Professional District, or "P" Zone, than for the traditional Business or Commercial Zone. Minimum lot sizes are larger in the "P" Zone, and wide "buffer zones" and off-street parking spaces are mandatory. Uses are restricted to administrative, executive, and professional offices and certain types of research laboratories. Height and other building restrictions are imposed so as to reduce nuisance factors.

generally held—commercial properties generate tax revenues without proportionately increasing governmental costs. Therefore, the Tredyffrin Township Planning Commission proposed to designate as a Professional District, or "P" Zone, a 150-acre tract of land straddling U. S. Route 202 about one mile west of the King of Prussia interchange of the Schuylkill Expressway. The Chester County Branch of the BMR-PEL was asked to determine what effect the establishment and development of this commercial zone would have on the area's tax rates in 1960 and 1965.

Tredyffrin Township: 1965

Arriving at a conclusion as to the effect of the "P" Zone required first the preparation of estimates of the township's probable development and financial status *without* the "P" Zone. On this basis, the following major changes are foreseen in Tredyffrin Township by 1965:

- **The number of dwelling units will increase 80%—from 3,304 to 5,944.**
- **Public school enrollments will total 5,022, a 128% increase over the 2,203 enrolled during the 1955–1956 school year.**

- **School costs will be 271% greater, amounting to $2.6 million compared to $0.7 million for the 1955–1956 school year.**
- **The township's expenditures for municipal governmental services will rise from $0.2 million to $0.5 million, a 150% increase.**
- **Assessed valuations of taxable real property will rise 93%, from $24.0 million to $46.3 million.**
- **The rate of real property taxation (for school and township purposes) will rise from 30 mills to 43 mills, a 43% increase over the 1956 rate.***

Effects of the "P" Zone

Further projections indicate that development of the "P" Zone will result in an additional $6 million increase in assessed valuations of real property, bringing the 1965 total to an estimated $52.3 million. Accordingly, as noted earlier, the rate of real property taxation will be three mills lower in 1965 if the "P" Zone is developed than it would be otherwise. In other words, the increase in assessed valuation of real property will be so much greater as a consequence of the development of the "P" Zone that a 40-mill levy (for township and school purposes) will produce as much revenue as would a 43-mill levy without the "P" Zone.

* Assuming that (1) no additional sources of revenue will become available, (2) other local taxes will continue at present rates, and (3) no significant changes will be made in existing formulas for determining state appropriations to the township for highway and school purposes.

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FILLING 'SCARCE-SKILL' JOBS

Legislation Required To Ease One of State's Major Personnel Problems

In 1058 A.D., a Chinese statesman, Wang An Shih, writing to his Emperor—who was then seeking to improve the public service of the country—noted that "the greatest need of the time is the securing of capable men," and suggested that "a proper method should be devised whereby such men can be trained, maintained, selected, and appointed." The year 1957 finds the government of the Commonwealth of Pennsylvania beset by the same problem which plagued the Sung dynasty nearly a thousand years ago—that of recruiting and retaining competent employees. And this despite the fact that a "proper method"—namely, the modern concept of civil service—has long since been devised.

The Pennsylvania Story

Of the 65,000 persons presently employed by the Pennsylvania state government, only 14,000 —or 22%—are under civil service systems rooted in existing *statutes*. Civil service coverage was extended, on an *administrative* basis, to an addi-

tional 10,000 technical and professional positions by means of Executive Board* resolutions of 1956 and 1957. (Any or all of the 10,000 positions so "covered in" may be removed from civil service protection by subsequent Executive Board action.) The remaining 31,000 positions—or 63% of all jobs in the state government—continue as patronage appointments.

The state government, like other employers—private and public—with whom it competes in the labor market, has difficulty in attracting competent, qualified personnel. Today, competition for the services of professional and technical personnel is most intense, since these are a scarce commodity throughout the United States. These people—engineers, architects, psychiatrists, institutional teachers, biologists, mine inspectors, and many other specialists—are essential if the state is to provide the services which Pennsylvanians demand.

For example, the state's mental health and highway construction programs are hampered by personnel shortages. Similarly jeopardized are numerous other activities, such as the food and mine inspections necessary to protect the health and safety of the population.

Remedial Action to Date

The state government, addressing itself to a variety of personnel problems, including that of lagging recruitment, has resorted to several remedial devices. Among these are:

- ***Preparation and installation of a position-classification plan.***
- ***Revision of pay plan—to bring salaries of state employees into line with those paid to employees in comparable positions in private industry.***

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* Consisting of the Governor, who is chairman, and six department heads appointed by him.

- *Stepped-up recruiting program.*
- *Development of employee training programs.*

Although recruitment of "scarce-skill" employees has been improved as a result of this overhauling of the state's personnel administration, vacancy rates in many critical categories of positions "covered in" by Executive Board orders are—according to the Governor—still inordinately high.

A Contributing Factor

It takes little reflection to reach the conclusion that professional and technical personnel—sought by many employers—weigh heavily the matter of reasonable job security such as is provided by statutory civil service coverage. Why should the competent and the ambitious expose themselves to the rigors of political sponsorship, the possibility of severance at the next political turnover in the governorship, and the denial of advancement on merit merely to serve the people of Pennsylvania? Particularly when the people apparently think so little of their services that they are unwilling to extend civil service protection to them on a statutory basis.

These are not academic arguments, since the consequences of denying professional and technical personnel the protection of a statutory merit system are either impaired performance of essential governmental services or increased cost of those services; sufficient personnel are not now available to the state to fill administratively-covered civil service positions, nor will they be unless premium salaries can be paid as an offset to future insecurity.

A Remedy

In the view of personnel experts, appropriate legislation, either in the form now pending

(House Bill 832) or in some other suitable form, is the only rational answer. In this day, with personal security so great a consideration in the lives of all, it is unreasonable to expect that the state government can recruit and retain "scarce-skill" personnel when the major characteristic of employment is *insecurity.*

Words of Praise

The Managing Director of the City of Philadelphia has issued the following statement concerning the BMR-PEL's recently-released report entitled *Administrative Survey of the Department of Licenses and Inspections:*

The report prepared by the BMR-PEL is a carefully thought-out document, which reflects much credit on the agency. It will be of invaluable assistance to the City. The information in this report will be used in planning any changes in the Department of Licenses and Inspections under Commissioner Barnet Lieberman. It will also serve as a guide to much of our future activity in this department.

Independent surveys of governmental activities by outside research groups possessing the standing of the BMR-PEL are always welcome to conscientious public administrators. Such surveys are particularly useful because of their objectivity.

The two-volume, 400-page report is based on a two-year study of the operations of the department. A limited number of copies are available at $10 each from the BMR-PEL.

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MAY 1957

iladelphia May 13, 1957 No. 2,142

'LEGALIZING' PHILADELPHIA'S CENTRAL TRAFFIC COURT

The passage of two bills now pending in the State Legislature would provide a needed legal base for Philadelphia's traffic court.

House Bill 165 would amend the Magistrates' Acts by setting up a traffic court and prescribing its jurisdiction and powers. This bill has passed the House and is now in committee in the Senate; its sponsors expect to have recently proposed amendments* inserted in the bill during its progress through the Senate.

The other bill—House Bill 976—would amend the state Vehicle Code to require traffic prosecutions to be undertaken in the new traffic court. House Bill 976 complements House Bill 165 and has passed the House.

Status and Jurisdiction in Question

Although the city has had a "traffic court" during most of the past 30 years, the court has

* These amendments were prepared by the Philadelphia Bar Association working with the Mayor, the magistrates, the auto clubs, and civic agencies.

This is the second of a series of articles based on a study financed by the Thomas Skelton Harrison Foundation.

never been expressly *authorized* by statute.[1] Moreover, in the view of some experts, the magistrates sitting in the traffic court have legal *jurisdiction* over few, if any, of the offenses tried by that court.

The peculiarity on jurisdiction arises from the state Vehicle Code, which prescribes the procedure for prosecution of traffic offenses. Since 1939, the Code has specified that police must initiate traffic prosecutions before the available magistrate *nearest* to the scene of the alleged violation,[2] but the city brings virtually all such prosecutions before a magistrate in the centrally located "traffic court."

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Pittsburgh Experience

Prior to 1950, Pittsburgh's experience was analogous to Philadelphia's. In 1923, when the Code permitted, Pittsburgh directed the police to initiate all traffic prosecutions before a magistrate designated as "traffic court magistrate." Although the Vehicle Code's requirements on

1. The Magistrates' Acts of 1927 and 1937, as amended, establish 28 courts "not of record," a central police court, and not less than 10 nor more than 15 divisional police courts, but do not establish a "traffic court."

2. From 1919 to 1929 the code provided that the police could initiate traffic prosecutions before *any* magistrate in the city; from 1929 to 1931, the *nearest* available magistrate; from 1931 to 1939, *any* magistrate.

a Gov't Available

BMR-PEL—aided by a Harrison Foundation—"Philadelphia Govern-months, a file of gratify-on the book has been s:

Philadelphia Civil Serv-

udents, teachers, civic officials and employees tion on the subject."— 1956).

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," the volume provides, p-to-date comprehensive and functions of Phila-vernment. Copies are at $2.50 each, or at a five or more copies.

prosecutions subsequently changed, Pittsburgh's practice did not. Its "traffic court" continued in operation until, in 1950, an aggrieved defendant appealed a conviction on the ground that his case was not brought before the "nearest available magistrate" as required by the Code.

The state Superior Court set aside the conviction, remarking that the city's "arguments for relief . . . should be addressed to the Legislature and not to the courts . . ."[3] Subsequently, the State Legislature met the court's objections by enacting a law setting up the Pittsburgh central traffic court in 1951.[4]

Question Still Open?

The legality of the Philadelphia traffic court has never been decisively litigated. Some believe that the city's situation is sufficiently like that of Pittsburgh prior to 1950 so that a direct attack on the jurisdiction of the "traffic court" would result in a decision similar to that rendered in the Germsback case. Today, observers report, raising the issue of jurisdiction at a traffic court hearing is apt to result in the discharge of a defendant on this technicality (rather than on

3. Com. v. Germsback, 167 Pa. Superior 106 (1950).
4. Act of Sept. 29, 1951, P.L. 1623 (53 P.S. 9571-9581).

the merits of the case). However effective this "defense" may be, it will appear unjust to the thousands who pay their fines without complaint.

It should be emphasized that no court has decided this issue of jurisdiction, and there is understandable reluctance to litigate it.

Legal Backstop

Traffic regulation in Philadelphia is becoming increasingly difficult as more and more motor vehicles crowd onto its streets. In 1955, the latest year reported, there were approximately 535,000 motor vehicles (and 654,000 operators) licensed within the city alone. In 1957, the city expects to "ticket" some 1,250,000 traffic violations—67% over 1956's 747,000. This increased activity will be directed primarily to expediting the movement of people and goods over the city's streets as quickly as safety will permit.

If this enforcement activity is to be truly effective, it is imperative that the city's traffic court—as the judicial backstop in the saving of life and limb as well as in the expediting of traffic—be "legalized," and that House Bills 165 and 976 speedily become law.

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THE WONDROUS AIR OF SPRING—OR IS IT?

"Air pollution costs the American people approximately $2 billion a year in damage to crops, livestock and property alone," states a recent *Saturday Evening Post* article.* Further, "it corrodes metals, pits stone buildings and monuments, and interferes with air, rail and highway transportation. It soils everything, including the clothes we wear and the laundry hanging on the clothesline. What it does to our health has yet to be fully calculated. At the very least, it probably shortens our lives to some extent by damaging our vital organs."

In the same vein, a Philadelphia newspaper—quoting a scientist engaged in air pollution research—recently stated that indications of plant damage caused by air pollution have been found in Delaware Valley.

Types and Causes of Air Pollution

Air pollution, formerly measured only by the blackness of smoke at its source (e.g., chimneys),

* "That Creeping Menace Called Smog" by Leigh White (May 4, 1957).

is now measured by the total concentration of pollutants—visible and invisible. These pollutants consist of various chemical mists and gases as well as very fine solids termed "fly ash."

Sources of pollution include motor vehicles, house heating units, refuse disposal facilities (chiefly, burning dumps and defectively-designed apartment incinerators), and industrial plants (particularly, high temperature processing).

Air Pollution Control in Philadelphia

Officially, Philadelphia first came to grips with the problem of air pollution in 1904, in which year a "smoke abatement ordinance" was passed. The next major item of legislation in this field was the 1948 Air Pollution Control Ordinance, which stemmed largely from the "Cleaner-Philadelphia Study" spearheaded by the Bureau of Municipal Research. This ordinance served as the basis for the city's present, modern Air Pollution Code, enacted in 1954.

Under the provisions of the Code, the city's air pollution control program is administered by the Air Pollution Control Section (in the Division of Air Pollution Control and Environmental Sanitation) of the Department of Public Health. This program's major elements are:

- ***Prevention—educating the public generally, and operators of installations specifically, as to air pollution control procedures and objectives; inspecting processing and combustion equipment plans and installations to insure compliance with Code; and encouraging the community to include the air pollution problem as a factor to be considered when zoning and planning decisions are made.***

- ***Determination of violations—atmosphere sampling as well as surveying to ascertain sources of pollution by area and by type.***

- ***Compliance—securing compliance with Code, either voluntarily or by invoking penalties.***

APC Board's Role

THE AIR Pollution Control Board is an advisory body attached to the Department of Public Health and composed of the Health Commissioner (ex officio) and seven persons appointed by the Mayor. Upon request by affected persons, the Board must *review actions or decisions taken by the Air Pollution Control Section with respect to odors and* may *review actions relating to other types of air pollution. After hearing objections, the board submits recommendations to the department.*

The Board also advises the department and the Board of Health on all matters pertaining to air pollution control. Thus, the board played an important part in drafting the 1954 Air Pollution Code. Additionally, the APC Board formulates regulations supplementary to the Air Pollution Code.

The Cost Factor

Air pollution control and the cleaning of properties begrimed by polluted air have been costly to government and to private organizations. Thus far, industry—considered the major source of air pollution—has borne the brunt of the cost of "cleaning up" Philadelphia's atmosphere. In 1956, local industries expended approximately $3 million to install, convert, or alter 22 major corrective and preventive devices. Further, it has been estimated that industrial plants in this area expended more than $13 million for air pollution control devices between 1950 and 1956.

An example of another expense resulting from air pollution is the $30,000 currently being spent to clean the exterior walls of the Masonic Temple (at Broad and Filbert Streets). At this rate, the cost of steam-cleaning the exteriors of the buildings in the central city area (about 130 blocks)

would be approximately $3 million. (Sandblasting would cost about twice this amount.)

Improving Control Program

Although the city's air pollution control program has made substantial progress during the past few years, it has not yet achieved maximum effectiveness. Several means of accelerating the program have been suggested, including:

- *Broaden the scope of present efforts to educate industry and the general public in the need for, and benefits to be derived from, reduced air pollution.*
- *Tighten up enforcement of Air Pollution Code by wider imposition of penalties when violators refuse to comply with provisions of Code.*
- *Divert a slightly larger percentage of the public health dollar to air pollution control until potential benefits from the efficiencies being instituted and the long-range activity presently engaged in, such as industry education, are achieved.*
- *Put into effect—at long last—the ban on open-dump burning in the city.**
- *Exert a greater effort to obtain a regional approach to the abatement of air pollution through regional cooperation.*

* This would require a speedy legal termination, however devised, of the present protracted proceedings which have suspended the ban since June 25, 1956.

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FEDERAL ECONOMY DRIVE DILEMMA

Effect on Local Urban Renewal Program Illustrates Hard Choices Involved

The President of the United States has made it clear that Congress' current economy drive involves a number of hard choices. On the one hand, there is the widespread desire for reduced expenditures and a reduced tax burden. On the other hand, each proposal for a cut raises howls of protest from some group of citizens with a vital interest in the program affected. A case in point is the urban renewal program, particularly as it pertains to Philadelphia.

Program Initiated in 1949

The federal Housing Act of 1949 provides, in Title I, for a federal-local slum clearance and redevelopment program under which cities would seek to rebuild themselves, with the national government footing two-thirds of the bill. (Philadelphia jumped into an early lead in this program, being the first city to enter into a contract for a federal grant. To date, it is the only city to have completed a project—including "final settlement.")

At January 31, 1957, there were 169 cities

participating in the program; at that date, the 439 projects involved were in the following stages:

Completed	*1*
Under construction	*134*
Final planning	*108*
Preliminary planning	*196*

By March 1957, reservations had been made for federal capital grants in the amount of $855 million, or 95% of the $900 million hitherto made available to the cities for urban renewal purposes. Thus, only $45 million is now available for reservation.

Additional Authorizations Possible

The President is empowered to increase the total authorization by an additional $100 million "after receiving advice from the Council of Economic Advisers as to the general effect of such increase upon the conditions in the building industry and upon the national economy," but he has not exercised this option.

Legislation is pending in Washington to increase the amount authorized. The President in his budget message asked for a total increase of $500 million—$250 million in 1958 and a similar amount in 1959. Subsequently, the Administrator of the federal Housing and Home Finance Agency (HHFA), as an economy measure, recommended to Congress that (1) the new authorization for 1958 be limited to $175 million, and (2) no additional authorization be made for 1959.

Philadelphia's Mayor and other municipal leaders have told Congress that a much greater amount of federal money is needed by the cities; e.g., at least $1 billion scheduled over four years so that programs can be planned in advance. It now appears likely that the Congress will enact the authorization originally requested by the President.

Philadelphia's Program

To date, Philadelphia has been allocated $42.9 million in federal urban renewal funds for projects now under way. Moreover, as part of an extensive, long-range effort, the city is now planning several new projects that will depend on additional federal funds. These new projects and the amounts of federal funds required* are:

Projects	*Amount (in millions)*
Neighborhood conservation areas	$10.0
Part of central business district	10.0
West Philadelphia project	3.3
Public housing site acquisition	3.3
Expansion of Drexel Institute	.7
Expansion of Temple University	.7
Total	$28.0

Although the execution of these projects would extend over a period of several years, city officials state that none of them can be carried beyond the early planning stage (which is paid for by city funds) until sufficient federal funds are available for capital grant reservations.

Priorities and Philadelphia's Stake

Due to the near exhaustion of the $900 million authorized, the federal Urban Renewal Administration has established criteria for priorities for capital reservations. Special preference is given to: (1) projects that are in the planning stage and need essential increases; (2) disaster areas; and (3) initial projects for localities not previously participating in the program.

None of Philadelphia's new projects—requiring $28 million in federal grants—fall into these preference categories. Thus, according to the city

* *Source: Capital Program, City of Philadelphia, 1957–1962,* as adopted, and the Philadelphia Development Coordinator's recent statement on urban renewal policy.

Fringe Benefit Study Available

A LIMITED number of copies of the BMR-PEL's 97-page report on ***A Comparison of Fringe Benefits in City Goverment and Private Employment in Philadelphia*** *are available from the BMR-PEL at $1 each. However, single copies may be obtained without charge by BMR-PEL contributors.*

officials, realization of Philadelphia's program for urban renewal is contingent on a substantial increase in the availability of federal funds.

Legislators' and Taxpayers' Dilemma

But a substantial increase in federal funds would run counter to the economy drive. This is the kind of hard choice which harasses legislators and troubles taxpayers.

Much as both the legislators and taxpayers might like to expand program *and* reduce taxes, this can be done only by the inflationary device of additional federal debt—a course inimical to the present policies of the federal reserve system.

Take your choice and pay (or keep) your money.

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LOCAL GOVERNMENTS DESCRIBED

Presenting a Case Study of Four Jurisdictions in Chester County

In these days of emphasis on safeguarding home rule for Philadelphia, it is easy to overlook the substantial degree of governmental latitude that is available to municipalities in neighboring counties.

Chester County as a Case Study

For example, as elsewhere in Pennsylvania, local governmental functions in Chester County are the responsibility of several types of municipalities: boroughs, 1st class townships, 2d class townships, and a 3d class city. Each type originally had carefully circumscribed statutory limitations as to powers and forms of government. But through successive state legislative actions, each has borrowed from the other, to the point that the differences between classifications are less significant today than heretofore.

Typical of the variations that still exist are noted below in the description of four Chester

County civil divisions. But, as an indication of the fluid nature of the situation, it should be emphasized that townships and boroughs* have the option of operating with a council-manager form of government, or a commission form, or various combinations of the two.

Downingtown Borough

The six-member borough council (three elected from each of two wards for four-year overlapping terms) functions as a legislative body and also, through its six standing committees, supervises all activities of the borough government. Day-to-day administration is the responsibility of the borough manager, a full-time employee who is appointed by the council. The council appoints all other borough employees, including the police chief, engineer, treasurer, building-plumbing inspector, and solicitor.

The burgess, elected for a four-year term, has ceremonial and judicial duties. Also, he is the administrative head of the police force.† Other elective officials are the tax collector, assessors, auditors, and justices of the peace. The borough has the following boards and commissions: board of health, zoning board of adjustment, civil service commission, planning commission, park commission, and shade tree commission.

Caln Township

This township of the 1st class is governed by a five-member board of township commissioners, elected at large for four-year, overlapping terms.

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* Senate Bill 229, now before the Governor for approval, would give 3d class cities extensive home-rule powers, including the right to adopt one of several forms of government.

† In the four jurisdictions described, the police are under civil service.

Civil Divisions in Chester County

Pennsylvania law authorizes a variety of governmental jurisdictions. The following table indicates the number of units of each type in Chester County:

Boroughs	15
Township (1st class)	1
Townships (2d class)	56
City (3d class)	1
School Districts (3d class)	4
School Districts (4th class)	69
School Jointures	17
Authorities*	21

* Sixteen of these are school authorities.

The board has both legislative and administrative powers, exercising the latter through its standing committees. All township employees are appointed and supervised by the board; such employees include the secretary, police, road foreman, building and zoning inspectors, and township solicitor. Elected officials other than the commissioners are the treasurer-tax collector, auditors, assessor, and justices of the peace. Separate boards and commissions function in the areas of health, zoning adjustment, civil service, and planning.

Tredyffrin Township

A three-member board of supervisors, elected at large for six-year terms, performs legislative functions for, and supervises administration of, this township of the 2d class. Major appointees of the board are the township manager, township secretary, roadmaster, and solicitor. Other elected officials are the tax collector, auditors, assessor, and justices of the peace. The township

also has a zoning board of adjustment, civil service commission, and planning commission.

City of Coatesville

In Coatesville, as in other cities of the 3d class, legislative and administrative responsibilities are vested in a five-member council, consisting of a mayor (elected as such) and four councilmen. These officials, plus a treasurer-tax collector and a controller, are elected at large for four-year terms. Each of the five members of council heads a department of the city government (e.g., finance, public safety). Council appoints the city clerk, solicitor, engineer, and city assessor, as well as the members of the board of health, shade tree commission, and city planning commission. The mayor appoints the police chief and plumbing inspector, and the board of health appoints the health officer.

Vacation Days Arrive

During July and August, Citizens' Business will enjoy its customary vacation. Unless events require publication of special issues, the next issue will be published on September 9, 1957.

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PRIMER ON MUNICIPAL DEBT

Describing the Procedures Governing Incurrence of Philadelphia City Debt

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Recent public discussions of the possible content of the loan proposals to be submitted to Philadelphia voters in November sent this "corner" scurrying to refresh its vacation-logged mind on the general subject of municipal debt incurrence. The BMR-PEL publication, ***Philadelphia Government—1956,*** sets forth the several steps required before a project financed by long-term borrowing can be undertaken by the city government.

Preliminary Steps

First, the project must be included in the city's six-year capital program and in the annual capital budget. (Each year's capital budget indicates the means of financing to be employed for each project; e.g., operating revenues, tax-supported loans.)

After a project has been incorporated in the capital budget, borrowing for the purpose must be authorized separately within the limits, and in accordance with the procedures, established

by the state constitution and statutes.

Means of Authorization

In Philadelphia, incurrence of municipal debt may be authorized by Council or by Council and the electorate, as follows:

- *Councilmanic Debt. This type of debt is authorized solely by ordinance of Council; however, passage of such an ordinance requires an extraordinary majority—two-thirds of the members of Council.*

- *Electoral Debt. The authorization of electoral debt requires first the passage of an ordinance—again, by a two-thirds vote of Council—proposing the borrowing of money for certain purposes, subject to the assent of the voters. After due advertisement, these "loan proposals" are placed on the ballot at the election (special, primary, or general) specified in the ordinance. If the majority of the electors voting on the loan questions give their approval, the loans are then authorized.*

In addition to asking the voters to assent to new loan authorizations, Council from time to time asks the voters to "assume" loans previously authorized as "councilmanic debt." If the voters approve these loan propositions, then such loans become "electoral debt."

Additional Step Required

Once a loan has been authorized, a further step is required if the proceeds of that loan will be used to finance improvements which are expected to be "self-supporting."* The city must present

* Capital projects are classified as either "self-supporting" or "tax-supported." A project is considered self-supporting if it yields sufficient revenues—service charges, rentals, and the like—to meet operating costs and interest and principal payments on its debt. All projects which do not completely earn their way, and must, therefore, be paid for—in whole or in part—out of tax receipts, are considered tax-supported.

Debt Limit Set by Constitution

To discourage local governments from over-extending themselves financially, the state constitution (Article IX, Section 8) limits the amount of debt they may incur for certain purposes. Under this provision, as amended in 1951, Philadelphia may not incur debt for "tax-supported" projects in *an amount exceeding 13½% of the average of the previous 10 years' assessments of taxable real estate.* This 10-year-average base tends to stabilize the city's debt limit by holding the debt limit down in periods of rising property assessments, and holding it up in periods of falling assessments.

Within the 13½% limit, the constitution permits incurrence of "councilmanic debt" —that is, debt incurred by ordinance without the assent of the voters—up to 3% of the 10-year-average base. Additional debt within the limit can be incurred only with the approval of the voters.

Borrowings for self-supporting improvements—which include, for example, the water and sewer systems, and the gas works —are not controlled by the debt limit so long as the revenues of the project will equal or exceed the operating costs and the debt service charges for the project.

a petition to one of the Philadelphia Courts of Common Pleas, asking the court to determine, in effect, that the proposed project (or projects) "may reasonably be expected to yield revenues in

excess of operating expenses sufficient to pay the interest and sinking fund charges thereon." If the court makes this determination, the debt is excluded in ascertaining the city's legal borrowing capacity (see box on page 3).

Issuance of Bonds

Each ordinance *authorizing* long-term loans empowers the city's "bond committee"—consisting of the Mayor, the City Solicitor, and the City Controller—to *issue* the bonds. This committee has wide discretion, within limits stipulated in the ordinance, in determining the date and amount of the sale, the "life" of the bonds, and other specific features.

When all preparations have been completed, the bond sale is announced, and bids are requested. Bidding syndicates are formed and, normally, the city receives from two to four bids, depending on the size of the bond issue and on general market conditions. These bids are opened at the time specified, in the presence of the bond committee, and an award is usually made immediately to the bidder who offers the money to the city at the lowest net interest cost.

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PHILADELPHIA'S EDUCATIONAL TV STATION GOES INTO OPERATION

Monday, September 16, marked an important educational development in Philadelphia. At 9 A.M. on that date, pupils of the fifth, sixth, seventh, and ninth grades of Philadelphia's public elementary, junior and senior high schools made their first acquaintance with Philadelphia's new educational television station, WHYY-TV. In the near future, the Catholic schools' program and the programs of Temple University, the University of Pennsylvania in cooperation with suburban schools, the Chemical Society, and the staff of WHYY-TV, will follow. As the new station's programming expands, the number of schools and children served will likewise expand.

A Brief History

The Federal Communications Commission requires all radio and television stations to provide free time for public purposes, including education. In fulfillment of this obligation, all stations had originally welcomed educational programs to their schedules. However, because the

"free" time available was used increasingly for other public purposes, the time allotted educational programs was diminished.

In Philadelphia, appraisal of this development was assigned to a fact-finding committee, appointed some four years ago by the representatives of about 80 educational institutions of the Greater Philadelphia area. After due consultation, this committee was advised by the presidents of several commercial radio and television stations that if there was to be a consistent and extensive use of television for educational purposes, a separate station, dedicated to that purpose, was necessary. To meet this need, the nonprofit Metropolitan Philadelphia Educational Radio and Television Corporation decided to establish WHYY-TV.

The Board of Directors

Today, WHYY-TV is headed by a 21-member Board of Directors. Five of these directors represent the City of Philadelphia; they include the Mayor, three representatives appointed by him, and the President of city Council. The Board of Public Education is also represented by five members: the President of the Board of Public Education, the Superintendent of Schools, and the three members of the Radio and Television Committee of the Board of Education. Also included on the station's board are the Diocesan Superintendent of Schools, seven community-at-large directors, and a single representative each from the Franklin Institute, the Philadelphia Home and School Council, and the Private School Teachers' Association.

WHYY-TV—Facilities and Costs

WHYY-TV represents an initial capital investment of approximately $500,000 and currently employs a staff numbering 21. To meet the

One Holiday Equals $460,000

Columbus Day falls on Saturday this year, for which reason many five-day-week workers will enjoy one paid holiday less than is usual during 1957. Employees of the City of Philadelphia, however, will have the 13 paid holidays to which they are accustomed due to the Civil Service Commission's having approved a regulation "granting a compensatory day off with pay" to the city's "non-shift employees who do not work on Columbus Day, 1957."

On the basis of measuring techniques developed by recent fringe benefit studies, it is estimated that during 1957 it will cost the city government roundly $6 million in salaries and wages to provide 13 paid holidays for its workers. Thus, the Columbus Day holiday will cost the city approximately $460,000 this year.

initial capital cost, the corporation raised approximately $300,000. In addition, a grant of $150,000 was received from the Ford Foundation.

Operating costs for the initial year's programming are expected to reach approximately $200,000, with future increases expected as the station's programs and policies expand. To meet this cost, Philadelphia city Council and the Board of Public Education each voted a $100,000 appropriation for the station. In addition to this, approximately $10,000 was received from private sources. Operating revenues from these public and private sources are expected to continue each year at the same level. Additional revenue is expected to come from the various educational institutions which use WHYY-TV services.

Station Policy

For a time, the programming of WHYY-TV will consist of "direct teaching" to children

in primary and secondary schools within a 35-mile radius of the station. Of course, anyone who has a UHF (ultra high frequency) converter attached to his television set and who lives within the reception area can receive the program. In fact, parents of school children are already being urged and encouraged to have their home television sets converted to UHF, in order that they too may receive the educational programs.

All programs will consist of instruction by qualified teachers in selected fields of education. Films, slides, and other such devices will be used only to supplement the actual instruction.

It is anticipated that adult educational programs designed for home viewing will be added to the station's schedule later on.

Actually, the Philadelphia public schools' part in the educational television program is more than a local project. It is part of a 10 city, nation-wide experiment, to determine the effectiveness of teaching large classes of students, numbering up to 300, by means of television. In Philadelphia this phase of the educational television program is being financed by a sum of $60,000 from the Board of Public Education, most of which is already included in the board's budget for educational television, and a grant from the Ford Foundation for an equal amount.

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PHILADELPHIA'S MAGISTRATES

The Role of the Minor Judiciary In Civil and Criminal Matters

With 13 of Philadelphia's 28 magistrates to be chosen in the November election, it is appropriate to review the functions of the magistrates. Their chief functions are preliminary hearings of persons accused of the more serious or "indictable" criminal offenses; and trial and disposition of minor offenses and of small civil cases.

The Preliminary Hearing

The magistrates serve as "the great clearing-house of crime" in the preliminary hearing of persons arrested for the alleged commission of offenses triable only in the courts "of record"—such as Quarter Sessions and Municipal Courts.

At the preliminary hearing, the magistrate has the duty to hear the witnesses for the prosecution, and, if the offense charged is not "murder, manslaughter, arson, rape, mayhem, sodomy, buggery, robbery or burglary," to hear defense witnesses at the defendant's demand.

This is the third in a series of articles based on a study financed by the Thomas Skelton Harrison Foundation.

The magistrate then has important questions to decide: Does the evidence, as presented by the witnesses, indicate that a crime (an indictable offense) has been committed? If so, is the evidence sufficient to make out a case against the accused?

"When the magistrate believes that probable cause to hold the defendant has *not* been proven, he may discharge him; otherwise, it is his duty to hold the prisoner for court or grand jury."

Admission to Bail. If the magistrate decides against discharge, he must next determine whether or not he may admit to bail. He may admit to bail in all crimes except in certain serious ones, such as murder, robbery, or burglary—for which bail may be set only by a judge of a court of record.

May Be Re-Arrested. If the magistrate discharges the accused, this does not prevent re-

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"Certified" Quality!

The BMR-PEL report,* Administrative Survey of the Philadelphia Department of Licenses and Inspections, *received the "honorable mention" award in the Governmental Research Association's 1957 competition for the "most noteworthy piece of research prepared by a member." Both the trustees and staff of BMR-PEL are gratified at this national recognition of the study, which has already been remarked by city officials as "a most painstaking and comprehensive job" and "a carefully thought-out document, which . . . will be of invaluable assistance to the City."

A limited number of copies of the 400-page, two-volume report are available at $10 each from the BMR-PEL.

arrest on the same charge. A preliminary hearing is not considered a "trial," and, accordingly, a re-arrest and new hearing do not violate any guarantees against double jeopardy. But discharge ordinarily ends the case. In 1956, the magistrates discharged about 6,200 (35%) of the defendants brought before them on indictable offenses; only 78 were re-arrested.

Disposition of Lesser Offenses

Offenses which are not indictable may be tried by the magistrate. Such hearings differ from the preliminary hearing in that the magistrate himself determines guilt or innocence and imposes sentence.

The procedure in cases tried by the magistrate, while much less exacting than in a trial in a court of record, still has certain elements which must be observed. They include informing the defendant of the charge, giving him opportunity to plead

and defend, producing competent witnesses, rendering decision, and imposing sentence, if any.

Numerically, traffic offenses account for the largest volume of offenses tried and disposed of by the magistrates. Another major group of offenses are cases of drunkenness or disorderly conduct. A third important group are violations of city codes and ordinances. Technically, many of these city cases involve "penalty" offenses, which are begun like civil suits by the city solicitor on behalf of the city but adjudgment is for fine and costs, with imprisonment only as an alternative upon failure to pay fine and costs.

Trial of Small Civil Cases

The magistrates' civil jurisdiction, limited by the state constitution to sums not exceeding $100, extends to all actions arising from contracts, except cases involving title to land, and to some actions in tort. However, it does not include actions to recover possession of personal property; or actions of damages for slander, assault and battery, wounding or maiming, or for injuries which are not what the law calls "immediate." In 1956, some 13,000 to 14,000 civil suits were instituted in the magistrates' courts.

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TREND OF MUNICIPAL EMPLOYMENT

Permanent, Full-Time Employees Up 19%; "Personnel Package" Costs 37% More

Philadelphia city employment* has been rising in recent years. The number of permanent, full-time employees has moved upward from 22,828 in mid-1952 to 27,057 in mid-1957, an over-all increase of 4,229 (19%), as indicated below:

At June 30	Employees	Annual change Number (%)	Cumulative change Number (%)
1952	22,828	—Base Year—	
1953	23,565	737 (3%)	737 (3%)
1954	25,101	1,536 (7%)	2,273 (10%)
1955	25,554	453 (2%)	2,726 (12%)
1956	25,904	350 (1%)	3,076 (13%)
1957	27,057	1,153 (4%)	4,229 (19%)

Some of the employees were added when the hours of work were reduced for all city employees in 1953 and for some in 1957. However, most employees were added to meet the requirements

* Measured here in terms of the permanent, full-time employees covered in the various funds in the annual operating budget ordinance. In addition, there are (1) permanent part-time and (2) temporary employees covered in the same ordinance, and still other employees covered in special funds not annually subject to appropriation by the Council; e.g., loan funds.

of expanding city services (including opening new capital facilities).

Distribution of Employment in 1957

Of the 65 agencies receiving appropriations in the operating budget ordinance, only 12 employ 500 or more. These agencies—accounting for the lion's share of employment, 22,942 (85%) of the 27,057 in service at mid-1957—are as follows:

Police Dept.	5,573
Dept. of Streets	4,626
Phila. General Hospital	3,062
Fire Dept.	2,933
Water Dept.	1,355
Fairmount Park Com.	1,288
Dept. of Public Property	927
Dept. of Collections	787
Dept. of Public Health	693
Free Library	598
Municipal Court	554
Dept. of Recreation	546

Distribution of Change Since 1952

The following table pinpoints the changes in the largest agencies or areas of city government:

Purpose or agency*	Employees 6/30/52	Employees 6/30/57	Change No. (%)
Licenses & inspections agencies (4)	225	361	136 (*60%*)
Tax, fiscal & procurement agencies (9)	848	1,293	445 (*52%*)
Welfare agencies (4)	556	837	281 (*51%*)
Phila. General Hospital	2,113	3,062	949 (*45%*)
Dept. of Public Health	486	693	207 (*43%*)
Free Library	433	598	165 (*38%*)
Dept. of Streets	3,823	4,626	803 (*21%*)
Water Dept.	1,120	1,355	235 (*21%*)
Police Dept.	4,894	5,573	679 (*14%*)
Judicial agencies (11)	1,399	1,586	187 (*13%*)
Recreation agencies (2)	1,629	1,834	205 (*13%*)
Dept. of Pub. Property	865	927	62 (*7%*)
Fire Dept.	3,187	2,933	-254 (*-8%*)
All other agencies (27)	1,250	1,379	129 (*10%*)

* Listed in order of percentage change.

Future Trend of Employment

If the 1958 budget is adopted as proposed, the trend of city employment will continue upward through 1958. City agencies are asking for funds to authorize 29,164 positions, an increase of 2,107 over jobs actually *filled* at mid-1957. More than half of the increase (1,346) would be in the following agencies: Philadelphia General Hospital, 487; Police, 458; Streets, 149; Collections, 129; and Licenses and Inspections, 123. At present rates of recruitment and personnel turnover, it is not likely, in our view, that the city will have more than 27,706 positions filled—95% of the positions requested—at the close of 1958. This would be a rise in 18 months of 649 (2%) over mid-1957, and a rise of 4,878 (21%) over mid-1952.

Budgetary Impact—57%

The "personnel package"—wages, salaries, pensions, and welfare payments—accounts for the largest part of the annual operating budget; proposed appropriations to these items in 1958 are as follows:

	(in millions)
Salaries and wages	*$124.9*
Pensions	*9.4**
Welfare payments	*2.8*
	$137.1

Eliminating interfund transfers and extraordinary appropriations ($8.5 million—pension fund; $3.5 million—Frankford "El" repair; and $0.5 million—Parking Authority), the 1958 proposed appropriations total $240.4 million. Thus, the "personnel package" of $137.1 million accounts for 57% of the total. This package will not be

* Provides for 1958 current obligations only. The city administration is also requesting $8.5 million to be deposited to the pension funds' reserves.

spent in its entirety, but 1958 obligations may be expected to exceed $134.3 million—a 37% jump in "personnel package" costs in five years.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION required by the Act of Congress of August 24, 1912, as amended by the acts of March 3, 1933, and July 2, 1946 (Title 39, United States Code, Section 233) of CITIZENS' BUSINESS, published semi-monthly from September through June at Philadelphia, Pa., for October 1, 1957.

1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bureau of Municipal Research and Pennsylvania Economy League (Eastern Division), Towne Building, 1321 Arch Street, Phila. 7, Pa.; Editor, Edwin Rothman, Towne Building, 1321 Arch Street, Phila. 7, Pa.; Managing Editor, Emma L. Bowman, Towne Building, 1321 Arch Street, Phila. 7, Pa.; Business Manager, none.

2. The owner is: Bureau of Municipal Research, Towne Building, 1321 Arch Street, Phila. 7, Pa. No capital stock.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

EMMA L. BOWMAN, Managing Editor

Sworn to and subscribed before me this 27th day of September, 1957. Richard W. Damereau
[SEAL] (My Commission expires January 7, 1959)

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MUNICIPAL AUTHORITIES—I

Recent Bond Issues by Municipal Authorities Serve As Index of Their Increased Activity

The extent to which Pennsylvania's municipal governments are resorting to *authorities* to achieve governmental purposes has recently been given fresh—even "table-thumping"—emphasis. A tabulation just completed by the BMR-PEL indicates that at September 30, a total of 1,106 municipal authorities (including parking authorities) had been incorporated throughout the state. To date, the bonds marketed by the 735 "active" authorities* among them total $983.7 million. (Adding the 78 housing and redevelopment authorities and their bond issues to the foregoing figures brings the number of local authorities in the state to 1,184 and the total amount of bonds issued to roundly $1.1 billion. However, except for this reference to them, the housing and redevelopment authorities are excluded from this

* "Active," as used here, indicates that the authority has incurred indebtedness.

This is the first of a series of articles discussing the authority and its use as an instrument of government.

discussion, inasmuch as their status is somewhat different from that of the municipal authorities.) †

The Growth of Authorities

From 1935 to 1945, the period during which the state's Municipal Authorities Act of 1935 was effective, 95 municipal authorities were created and the total amount of bonds issued in these 10 years was $46.5 million. Following the passage of the Municipal Authorities Act of 1945, the pace of authority creation and debt issuance was stepped up appreciably, as indicated by the fact that by September 1954, 785 municipal authorities had been incorporated and a total of $445.1 million in bonds had been issued.

However, it is in the past three years (September 1954 through September 1957) that local authority activity has accelerated most markedly. During this period, 321 new authorities were created, and $538.6 million in bonds were issued. In other words, the amount of bonds issued in the three years just passed exceeds the total amount issued during the 19 previous years.

Types of Projects Financed

Against the background of long-continued, many-faceted discussions of the need for public school facilities, it is not surprising to discover that (1) more than half of the municipal authorities in Pennsylvania are school authorities, and (2) more than half of the bonds issued thus far are for school purposes. (The figures presented here do not reflect the more than $200 million in bonds issued to date by the State Public School Building Authority to finance school construction.)

† Authority *bond issues* rather than *outstanding net debt* are discussed here; it is anticipated that information on the latter will become available in 1958.

The following table shows, by types of projects,* the total number of municipal authorities in the state, the number which are "active," and the amounts of bonds issued by the active authorities:

Number of authorities		Type of project	Bonds issued
Total	"Active"		(in millions)
18	1	Airport	$ .2
60	26	Parking	27.7
546	454	School	585.8
117	87	Sewer	151.9
165	121	Water	169.6
46	37	Dual purpose[1]	46.1
25	9	Miscellaneous[2]	2.4
129	..	"No known purpose"	..
1,106	735	Total	$983.7

1 Includes water and sewer authorities, water and school authorities, etc.

2 Includes incinerator, sanitary landfill, flood control, recreation, and other types of authorities.

Authorities in Southeastern Pennsylvania

The authority device is widely used by many municipalities in Southeastern Pennsylvania, and, by some measures, to a greater extent than it is employed elsewhere in the state. In the five-county area (Bucks, Chester, Delaware, and Montgomery counties, and the City of Philadelphia), a total of 164 municipal authorities† have been created in the past 22 years. To date, the 123 active authorities among them have issued bonds totalling $217.1 million.

Thus, the five-county area—with approximately 30% of the state's population and about 10% of its civil jurisdictions—has created

* The project classifications used here are those established by the state's Department of Internal Affairs in its report, *Pennsylvania Municipal Authorities* (February 1957); this report was one of the major sources used by the BMR-PEL in preparing its tabulation.

† Excluding the 8 housing and redevelopment authorities.

15% of the municipal authorities in the state and issued bonds representing 22% of the total.

As indicated by the following table, well over half the bonds issued by municipal authorities in this area are for school purposes:

Number of authorities		Type of project	Bonds issued[1]
Total	"Active"		(in millions)
1	..	Airport	$ ..
8	2	Parking	6.0
106	94	School	148.2
12	11	Sewer	20.7
13	9	Water	36.3
5	5	Dual purpose	5.7
4	2	Miscellaneous	.2
15	..	"No known purpose"	..
164	123	Total	$217.1

1 Philadelphia has only one "active" municipal authority—its Parking Authority.

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MUNICIPAL AUTHORITIES—II

Steps Need To Be Taken To Remedy Conditions Leading To Increased Use of Authorities

Despite the increase in the establishment and use of "authorities" in Pennsylvania, particularly southeastern Pennsylvania—as indicated in the last issue of CITIZENS' BUSINESS—the BMR-PEL remains convinced that with the possible exception of unifying proprietary functions across state and municipal boundaries, "there is virtually nothing an authority can do that cannot be done by a regular unit of government. . . . To surrender democratic controls under the misconception that an authority is a cure-all would be a grave mistake. It is easy to turn to an authority as a means of establishing a needed service. But this should be done only after all possibilities of doing the job through normal government channels have been explored."*

Now and Forever?

Unfortunately, there appears to be a growing

* Bureau of Municipal Research, *The 'Authority' In Pennsylvania Pro and Con* (1949), p. 12.

This is the second in a series of articles discussing the authority and its use as an instrument of government.

disposition to accept authorities as a governmental phenomenon which will be with us for a long time, if not always. In one sense, however, this matter-of-fact attitude is perhaps a happy circumstance in that it encourages recognition of, and development of remedies for, those problems arising from use of the authority device. Gradually, experience with authorities is demonstrating that effective public controls are essential. Recently enacted state legislation requiring periodic reports from authorities is a step toward such control; henceforth, every municipal authority must (1) make annual reports to the state and to its parent government, (2) file a copy of its annual audit report with the state, and (3) report personnel data to the parent government.

Although it also encourages recognition of the permanent and fundamental character of the problems giving rise to the creation of authorities, acceptance of the authority as a governmental commonplace is a hazard to the extent that it serves to defer actions toward solving the problems occasioning their use.

Advantages and Shortcomings

The more thoughtful evaluations of the authority are apt to begin with a somewhat traditional listing of the advantages and shortcomings. A number of such items are reviewed here and, where appropriate, recent developments are cited for added focus.

Inter-Municipal Cooperation. *One of the major arguments put forth in general advocacy of the authority is that it offers a convenient means of achieving intergovernmental cooperation. Although this point has a certain validity as it pertains to the Delaware River Port Authority and similar bodies,* it loses much force when related*

* Not forgetting, however, the recent scandals involving two highly-touted authorities—the Pennsylvania Turnpike Commission and the Delaware River Joint Toll Bridge Commission.

to the municipal authority situation. For example, comparatively few—roughly 20%—of Pennsylvania's municipal authorities were created to implement cooperation of two or more governmental units.

Financial Aspects. ***It is widely conceded that a community can finance public improvements less expensively by issuing general obligation bonds than by using the authority mechanism. The higher interest rate commanded by authority bonds is a primary factor tending to force costs upward.***

In recent years, municipal authorities in Pennsylvania have been issuing bonds for school purposes at a rate of roundly $100 million a year. Recognizing the greater costs arising from authority financing, the state government in 1956 revised the formula under which it participates in financing school construction. Thus, state school building subsidies are now available to those school districts financing construction through general obligation bonds as well as to those using the authority method.

Moreover, a proposed amendment to the state constitution, passed by the 1957 session* of the Legislature, would increase the borrowing power of school districts by 50%. This, together with the revised school subsidy program, should help to encourage school districts to deal directly with the problem rather than via the expensive authority device. Unfortunately, the absurdly low assessed valuation ratios in many communities still would have the effect of holding debt limits far below levels required for practical operation.

Administratively Speaking. *Claims to efficiency, flexibility, speed, and business-like management are often made on behalf of authorities. On the other side, adverse criticisms leveled at the municipal authority include charges that its use tends to:*

- **Fragmentize governmental organization with consequent impairment of such processes as over-all planning for capital improvements.**
- **Create "pockets" of government where employees are immune from civil service and the "housekeeping" provisions (purchasing, budgeting, etc.) of the municipality do not apply.**
- **Establish public bodies which are insulated against public control.**

* Constitutional amendments require passage by two successive sessions of the Legislature and approval of the statewide electorate.

From the administrative viewpoint, the arguments "for" and "against" authorities suggest that remedial action should proceed along two fronts simultaneously:

- **Improve local government, bringing its performance to a level which obviates any seeming necessity to rely on authorities to perform public business in business-like fashion.**

- **Extend governmental controls over existing authorities so as to increase their accountability to parent governments and to state agencies.**

A Growing Conviction

From recognition of what may be called the two major pitfalls of the authority device—vitiation of the democratic form of government and extravagance with, or misuse of, public moneys—stems a growing will to see regularly-constituted local governments re-assume the functions which they have delegated blithely to authorities. A number of high hurdles must be taken, however, before the authority vanishes into limbo by this route. Among these are:

- ***Practical revision of the debt limits set by the state constitution.***

- ***Exploration and adoption of political devices—other than the authority—for implementing intermunicipal cooperation.***

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ST. LOUIS LOOKS ITSELF OVER

Proposals For Improving Gov't in St. Louis Area May Interest Philadelphia Region

The recent authorization of a $900,000 grant from the Ford Foundation in support of a many-sided program—including research, education, and leadership involvement—in the tri-state Philadelphia metropolitan region ("Penjerdel") marks the start of one of the most challenging projects undertaken in the interests of improved local government in this or any other area.

St. Louis Findings Merit Attention

Citizens looking forward to these activities in the Penjerdel region will be interested in the findings and recommendations of a study recently completed in the St. Louis area, although some of the conclusions of the St. Louis project will doubtless not correspond to conclusions which may be reached in this region.

Geographically, the St. Louis study included the County of St. Louis (containing 96 municipalities and 27 school districts) and the contiguous City of St. Louis. The Penjerdel project

will include 11 counties in three states,* embracing 376 local municipalities which, together with counties, school districts, and special districts, constitute 773 separate governmental units.

The status of the City of St. Louis is quite similar to that of the City of Philadelphia: both are combined city-counties, although St. Louis attained that status by *separating* from its former parent county, whereas Philadelphia attained it by *consolidating* with all of the municipalities in the parent county. So, too, the independent relationship between the City of St. Louis and the contiguous County of St. Louis is similar to the independent relationship between the City of Philadelphia and its contiguous counties (e.g., Bucks County).

Different Problems and Different Solutions

The many studies which have been made in recent years in metropolitan areas have recognized that the "metropolitan problem" is not one problem but many problems, and that the nature of the problems varies not only between areas, but within areas.

The conclusions of the St. Louis study reflect this view. The survey found no real need for, or advantage to be gained by, merging the contiguous city and county. It did find that certain service needs—such as sewage disposal, civil defense, transit, industrial development—warranted unified administration on an area-wide basis. Accordingly, to meet these needs, a limited area-wide governmental organization was recommended for the county's municipalities and for the city.

The City of St. Louis was believed to have sufficient area, population, and resources to provide other municipal services—such as police,

* The 11 counties are: Bucks, Chester, Delaware. Montgomery, and Philadelphia, in Pennsylvania; Burlington, Camden, Gloucester, Mercer, and Salem, in New Jersey; and New Castle, in Delaware.

Penjerdel Project Not a "Study"

Four features of the Penjerdel program for the Philadelphia metropolitan region distinguish it from the usual metropolitan "studies":

- *It will be a continuing activity rather than a study. Studies will have their appropriate place, but they will be matched in importance by programs of leadership involvement and citizen education and participation.*
- *It will be based on active cooperation among many civic agencies and institutions of higher learning in the region.*
- *The grant by the Ford Foundation will cover a seven-year period, but the Foundation amount scheduled for the last four years ($375,000 of the total $900,000 grant) will be paid only if matching sums totaling $900,000 are forthcoming from local sources.*
- *In initiating the program, there is the implicit understanding that the administering agency—a nonprofit corporation—may well have continuing existence if found acceptable in the region.*

fire, health, welfare—to its residents. However, with respect to the municipalities within the county, the survey found that while the larger municipalities were able to furnish most such services, many of the smaller ones could not.

Recommendations were therefore made for the county government, which operates outside the city limits, to supply certain specialized services—such as enforcement of uniform safety and fire prevention regulations—to *all* municipalities within the county. Certain other services—such as police protection and sanitation programs—would be rendered by the county government to *all* municipalities with less than a specified population, and, on an optional basis, to the larger municipalities. However, those larger municipalities which do not choose to accept these services from the county government would be eligible for reimbursement, by

the county government, in an amount equal to the cost of maintaining minimum service levels.

Voluntary Consolidation

The St. Louis study recommended that legal provisions providing for consolidation of communities be simplified to permit many communities in the county to reorganize on a *voluntary* basis. It was found that the 96 municipalities in the county ranged in population from 60 to 53,000, and 43 had less than 1,000 population. Thirty-seven communities provided less than five governmental services, and 46 had no full-time employees. With provision for the county government to maintain an adequate level of services throughout the county, it was considered desirable that the citizens of the smaller communities have the legal right, by majority vote, to disincorporate their communities.

No Criteria, But A Real Contribution

The St. Louis study, of course, does not provide the criteria for conduct of the study phases of the Penjerdel project—nor can it be said that the recommendations made in that area will necessarily apply to the Penjerdel region. It does, however, make a real contribution to the study of metropolitan problems.

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Do Summary Proceedings Before The Magistrates Measure Up?

In the midst of a world crisis over missiles, satellites, and the like, and in the midst of strenuous efforts by law enforcement agents to turn down the highly pointed nose of the crime curve, it was refreshing last week to have the U. S. Supreme Court in the Green case reaffirm a basic guarantee of protection to persons accused of crime. In this instance, it was a further extension of the doctrine of protection against double jeopardy.

This opinion of the Supreme Court made headlines in the press, but there was rarely a headline associated with the 47,000 persons who came before Philadelphia magistrates in 1956 on charges of drunkenness, or the 8,200 persons on charges of disorderly conduct, or the smaller numbers charged with such offenses as vagrancy, gambling, or failure to pay cab fare.

In such cases, "justice" is quick, informal, unfettered, and usually dealt out on a basis which

This is the fourth in a series of articles based on a study financed by the Thomas Skelton Harrison Foundation.

certainly warrants the term "summary." Recent extensive studies by the BMR-PEL lead us to the conclusion, however, that these proceedings are more summary than they are just.

What Was Absent?

Among the things frequently absent is a veritable rollcall of many precepts held dear in the hallowed halls of justice; for example:

- ***Defendants are rarely charged with commission of a particular offense—there is a kind of an assumption that you wouldn't be there if you weren't adversely involved with the law.***
- *Only in very rare cases is the defendant asked or permitted to enter a plea of "guilty" or "not guilty."*
- ***Few magistrates make a finding of guilt or innocence. They shortcut the process to fine, imprisonment, or dismissal.***
- *Defendants who find themselves engaged in summary proceedings in the magistrates' courts are rarely represented by counsel. The only frequent representation for defendants in open court is by political workers.*
- ***The official representative of the Commonwealth—the Assistant District Attorney—usually does not participate in summary proceedings.***

The fact that a great majority of those "tried" for summary offenses are discharged, and only a small percentage fined or committed to the

'Tis the Season for
Peace on Earth and
Good Will Toward Men

county prisons or to the House of Correction, is no justification for this defective procedure. For those committed to prison, "proof" often consists of mere exhibition of the defendant. Even when a policeman testifies to the facts of arrests, rarely does the defendant know what he is charged with.

Procedural Deficiencies

In hearings of persons arrested for drunkenness and vagrancy, the procedure is especially inadequate, and generally deprives the defendants of the most elementary requirements of a fair trial.

Most of those who are arrested for these offenses are imprisoned overnight in the police-station, and are brought out en masse in the morning for disposition by the magistrate. The procedure of the "trial" varies. In its most detailed form, it includes: (1) a reading of the defendant's name by the magistrate, his clerk, or the police clerk; (2) a question or two addressed to the prisoner; (3) disposition by the magistrate. In its briefest and most usual form, the prisoners are brought in and disposed of in groups. The details of the procedure vary from magistrate to magistrate, and with the individual magistrates, vary from hearing to hearing, tending to become briefer as the hour gets later. In most cases, noise and confusion punctuate the proceedings.

Although discharging the defendants as a matter of record, some of the magistrates impose upon them penalties which have no statutory basis. That is, the defendants are required to contribute a small sum (usually $1.00) for designated charitable purposes, or, in default of this contribution, to join a squad to do custodial work around the police-station after the hearing. (This alternative is generally not applied to

women defendants nor to men who are eith
well-dressed or appear physically incapacitated.

The Evils of Defective Procedure

A 1953 study of magistrates' commitments
the House of Correction indicates how procedu
which lacks elements of due process can lea
to improper convictions. This study showed, f
example, that a few persons committed f
vagrancy had property and a job; some feeb
old people who had become confused and we
unable to find their way home were committ
for habitual drunkenness or vagrancy; and son
persons committed for habitual drunkenness ha
no records of previous arrests for intoxicatio

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